

HARMONY GOLD MINING CO LTD

Form 6-K

February 03, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Form 6-K**

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO

RULE 13a-16 OR 15d-16 UNDER THE SECURITIES

EXCHANGE ACT OF 1934

For 03 February 2014

**Harmony Gold Mining Company**

**Limited**

Randfontein Office Park

Corner Main Reef Road and Ward Avenue

Randfontein, 1759

South Africa

(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes  No

***Shareholder information***

Issued ordinary share capital  
at 31 December 2013

435 693 819

Issued ordinary share capital  
at 30 September 2013

435 289 890

***Market capitalisation***

At 31 December 2013 (ZARm)

11 284

At 31 December 2013 (US\$m)

1 077

At 30 September 2013 (ZARm)

15 083

At 30 September 2013 (US\$m)

1 499

***Harmony ordinary share and ADR prices***

12-month high (1 January 2013 –  
31 December 2013) for ordinary shares

R75.64

12-month low (1 January 2013 –  
31 December 2013) for ordinary shares

R24.48

12-month high (1 January 2013 –  
31 December 2013) for ADRs

US\$8.88

12-month low (1 January 2013 –  
31 December 2013) for ADRs

US\$2.36

***Free float***

**100%**

***ADR ratio***

**1:1**

***JSE Limited***

**HAR**

Range for quarter (1 October 2013 –  
31 December 2013 closing prices)

R24.48 – R36.14

Average daily volume for the quarter  
(1 October 2013 – 31 December 2013)

1 180 825 shares

Range for quarter (1 July 2013 –  
30 September 2013 closing prices)

R32.74 – R42.47

Average daily volume for the quarter  
(1 July 2013 – 30 September 2013)

1 680 746 shares

***New York Stock Exchange including  
other US trading platforms***

**HMY**

Range for quarter (1 October 2013 –  
31 December 2013 closing prices)  
US\$2.36 – US\$3.67

Average daily volume for the quarter  
(1 October 2013 – 31 December 2013)  
2 722 889

Range for quarter (1 July 2013 –  
30 September 2013 closing prices)  
US\$3.30 – US\$4.33

Average daily volume for the quarter  
(1 July 2013 – 30 September 2013)  
3 824 973

***Investors' calendar***

**2014**

Q3 FY14 presentation  
(webcast and conference calls only)  
7 May

Q4 FY14 and year-end live presentation  
in Johannesburg  
14 August

Q1 FY15 presentation  
(webcast and conference calls only)  
5 November

Annual General Meeting  
21 November

**Q2 FY14**

**Harmony Gold Mining Company Limited**

("Harmony" or "Company")

Incorporated in the Republic of South Africa

Registration number 1950/038232/06

JSE share code: HAR

NYSE share code: HMY

ISIN: ZAE000015228

Results for the second quarter FY14 and  
six months ended 31 December 2013

**KEY FEATURES**

**Quarter-on-quarter**

Safety improved quarter-on-quarter

Gold production remained steady at 9 515kg (305 913/oz)

- increase in underground recovered grade of 7% to 4.85g/t

- Hidden Valley back on track

Reduced overall costs quarter-on-quarter

- cash operating costs decreased by 5% to R308 665/kg (US\$949/oz)

- reduced all-in sustaining cost from R404 694/kg to R397 503/kg  
(US\$1 264/oz to US\$1 222/oz)

- restructured by reducing low grade mining

Operating profit<sup>1</sup> decreased from R1 037 million (US\$104 million)

to R986 million (US\$97 million)

Headline loss per share of 21 SA cents (US\$2 cents)

*All figures represent continuing operations unless stated otherwise*

*1 Operating profit is comparable to the term production profit in the segment report in the financial statements and not to the*

*operating profit line in the income statement*

**RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2013**

Quarter

Dec

2013

Quarter

Sep

2013

Q-on-Q

%

Variance

6 months

ended

Dec

2013

6 months

ended

Dec

2012\*

%

Variance

Gold produced

– kg

9 515

9 635

(1)

19 150

19 087

–

– oz

305 913

309 773

(1)

615 686

613 658

–

Cash operating

costs

– R/kg

308 665

324 272

5

316 517

301 393  
(5)  
– US\$/oz  
949  
1 013  
6  
981  
1 108  
11  
Gold sold  
– kg  
9 798  
9 353  
5  
19 151  
19 318  
(1)  
– oz  
315 014  
300 703  
5  
615 717  
621 089  
(1)  
Underground  
grade  
– g/t  
4.85  
4.55  
7  
4.69  
4.64  
1  
All-in sustaining  
costs  
– R/kg  
397 503  
404 694  
2  
401 021  
396 968  
(1)  
– US\$/oz  
1 222  
1 264  
3  
1 242  
1 459  
15  
Gold price  
received

– R/kg  
415 532  
429 566  
(3)  
422 386  
460 244  
(8)  
– US\$/oz  
1 277  
1 342  
(5)  
1 309  
1 692  
(23)  
Operating  
profit\*1  
– Rm  
986  
1 037  
(5)  
2 022  
3 057  
(34)  
–US\$m  
97  
104  
(7)  
201  
362  
(44)  
Basic  
(loss)/earnings  
per share\*2  
– SAc/s  
(21)  
3  
>(100)  
(18)  
289  
>(100)  
– USc/s  
(2)  
–  
(100)  
(2)  
34  
>(100)  
Headline  
(loss)/earnings\*2  
– Rm  
(91)

20  
>(100)  
(71)  
1 205  
>(100)  
– US\$m  
(10)  
2  
>(100)  
(7)  
142  
>(100)  
Headline  
(loss)/earnings  
per share\*<sup>2</sup>  
– SAc/s  
(21)  
5  
>(100)  
(16)  
280  
>(100)  
– USc/s  
(2)  
0.5  
>(100)  
(2)  
33  
>(100)  
Exchange rate  
– R/US\$  
10.12  
9.96  
2  
10.04  
8.46  
19

*\* Comparative figures in these line items for the six months ended December 2012 have been restated as a result of the adoption of*

*IFRIC 20 Stripping costs in the production phase of a surface mine.*

*<sup>1</sup> Operating profit is comparable to the term production profit in the segment report in the financial statements and not to the operating profit line in the income statement.*

*<sup>2</sup> The six months ended December 2012 include discontinued operations.*

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**CONTACT DETAILS**

***Corporate Office***

Randfontein Office Park  
PO Box 2, Randfontein, 1760, South Africa  
Corner Main Reef Road/Ward Avenue  
Randfontein, 1759, South Africa  
*Telephone:* +27 (0)11 411 2000  
*Website:* [www.harmony.co.za](http://www.harmony.co.za)

***Directors***

P T Motsepe\* *Chairman*  
M Motloba\*<sup>^</sup> *Deputy Chairman*  
G P Briggs *Chief Executive Officer*  
F Abbott *Financial Director*  
H E Mashego *Executive Director*  
F F T De Buck\*<sup>^</sup> *Lead independent director*  
J A Chissano\*

1

<sup>^</sup>, K V Dicks\*<sup>^</sup>, Dr D S Lushaba\*<sup>^</sup>,  
C Markus\*<sup>^</sup>, M Msimang\*<sup>^</sup>, K T Nondumo\*<sup>^</sup>,  
V P Pillay \*<sup>^</sup>, J Wetton\*<sup>^</sup>, A J Wilkens\*

\* Non-executive

<sup>^</sup> Independent

1 Mozambican

***Investor relations team***

Email: [HarmonyIR@harmony.co.za](mailto:HarmonyIR@harmony.co.za)

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Investor Relations Manager

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Executive: Corporate and Investor Relations

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***Company Secretary***

Riana Bisschoff

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***South African Share Transfer Secretaries***

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***ADR Depositary***



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***Sponsor***

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***Trading Symbols***

*JSE Limited:* HAR

*New York Stock Exchange, Inc:* HMY

*Euronext, Brussels:* HMY

*Berlin Stock Exchange:* HAM1

***Registration number***

1950/038232/06

*Incorporated in the Republic of South Africa*

***ISIN***

ZAE000015228

Harmony's Integrated Annual Report,  
Notice of Annual General Meeting and its  
Annual Report filed on a Form 20F with the United States'  
Securities and Exchange Commission for the year ended  
30 June 2013 were released on 25 October 2013.

**[www.harmony.co.za/investors](http://www.harmony.co.za/investors)**

**3****FORWARD-LOOKING STATEMENTS**

*This quarterly report contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to Harmony's financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters. Statements in this quarter that are not historical facts are "forward-looking statements" for the purpose of the safe harbour provided by Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and Section 27A of the U.S. Securities Act of 1933, as amended. Forward-looking statements are statements that are not historical facts. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words "expect", "anticipates", "believes", "intends", "estimates" and similar expressions. These statements are only predictions. All forward-looking statements involve a number of risks, uncertainties and other factors and we cannot assure you that such statements will prove to be correct. Risks, uncertainties and other factors could cause actual events or results to differ from those expressed or implied by the forward-looking statements. These forward-looking statements, including, among others, those relating to the future business prospects, revenues and income of Harmony, wherever they may occur in this quarterly report and the exhibits to this quarterly report, are necessarily estimates reflecting the best judgement of the senior management of Harmony and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this quarterly report. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation: overall economic and business conditions in the countries in which we operate; the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions; increases or decreases in the market price of gold; the occurrence of hazards associated with underground and surface gold mining; the occurrence of labour disruptions; availability, terms and deployment of capital; changes in government regulations, particularly mining rights and environmental regulations; fluctuations in exchange rates; currency devaluations and other macro-economic monetary policies; and socio-economic instability in the countries in which we operate.*

**Competent person's declaration**

*Harmony reports in terms of the South African Code for the Reporting of Exploration results, Mineral Resources and Ore Reserves (SAMREC). Harmony employs an ore reserve manager at each of its operations who takes responsibility for reporting mineral resources and mineral reserves at his operation.*

***The mineral resources and mineral reserves in this report are based on information compiled by the following competent persons:***

*Resources and Reserves South Africa: Jaco Boshoff, Pr. Sci. Nat., who has 18 years' relevant experience and is registered with the South African Council for Natural Scientific Professions (SACNASP).*

*Resources and Reserves Papua New Guinea: Gregory Job, BSc, MSc, who has 25 years relevant experience and is a member of the Australian Institute of Mining and Metallurgy (AusIMM).*

*Mr Boshoff and Mr Job are full-time employees of Harmony Gold Mining Company Limited. These competent persons consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.*

*Mineral Resource and Reserve information as at 30 June 2013 has not changed.*

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**Results for the second quarter FY14  
and six months ended 31 December 2013**

Message from the chief executive officer

Harmony has been in operation for 63 years – and we are positioned to remain sustainable for many years to come. We manage costs and production to ensure profitability at all gold prices. That is what our approach to management is all about. At the same token, changes to our operations and operating parameters are not affected at the expense of safety. Safety is a core value.

We focus on profitable ounces and on operating margins. We reward our mining teams to the extent that they contribute to improving productivity and profitability. We hold our people accountable for the company's safe and profitable operations.

Harmony is sustainable and is thriving with gold in its current price range of US\$1 200/oz to US\$1 250/oz – 20% down on year-ago levels. We are confident that we can continue to manage our operations so as to remain profitable even should the gold price come under further pressure. In fact, five of our mines are very profitable and are thriving at an all-in cost of below US\$1 000/oz. At present Target 1 (US\$854/oz), Bambanani (US\$742/oz), Joel (US\$921/oz), Steyn 2 (US\$811/oz) and Phoenix (US\$861/oz) are each operating at an all-in sustaining costs of less than US\$1 000/oz.

Our group average all-in sustaining cost is less than US\$1 250/oz or lower than the R400 000/kg on which our current near-term strategic planning is based. By this financial year's end (June 2014) we are planning on having reduced our costs to a sustainable average of between US\$1 100/oz and US\$1 150/oz or R380 000/kg. Our core competency is on mining profitably and managing our production and costs. We are nimble enough to respond and adjust to changes.

We have restructured and right-sized Hidden Valley in Papua New Guinea (PNG) so that its costs are now less than US\$1 200/oz. We are continuing to refine our Golpu gold and copper resource knowledge in PNG.

Costs at Kalgold and Unisel are already below US\$1 200/oz, and at Doornkop we have eliminated the unprofitable lowest grade reserves (the Kimberley reef). Target 3 and Masimong will follow suit.

At Kusasaletu and Tshepong we have introduced management and technical changes to increase production and consequently, lower unit costs. Phakisa is on the same road, though it is spending on capital during its production build-up phase.

We have already limited our spending on exploration, corporate overheads, support services, electricity and capital. In the process, Harmony has become South Africa's most productive deep level miner measured in terms of R/tonne costs, which is where we intend to stay. Harmony's strength has always been its ability to adjust quickly and efficiently to adverse conditions. Harmony has positioned itself to thrive at current prices and provide investors with handsome returns when market conditions improve. We will continue to be able to react optimally to any further adverse market conditions.

**1. SAFETY**

It is with regret that I report that three employees lost their lives as a result of mine accidents during the quarter, bringing the total amount of fatalities for financial year 2014 to seven. On behalf of management and the Board, I wish to express our sincere condolences to the families and colleagues of Gcinokuhle Vincent Ngqulunga (driller at Phakisa), Sehla Mchithakau (driller at Tshepong) and Vincent Tsoeute (driller at Joel).

The safety performance at Harmony's South African operations improved quarter-on-quarter. Management changes that were already effected at operations and ongoing safety risk training will certainly contribute to an improvement in safety at those operations in future. Some operations continue to do well in safety, such as Target 3, Bambanani, Steyn 2, Unisel, Tshepong and Target 1, who reached 1 million and more fatal free shift milestones during the quarter.

## **2. OPERATIONAL AND FINANCIAL RESULTS**

Gold production remained steady quarter-on-quarter, with a 7% increase in grade. Gold production for the December 2013 quarter decreased slightly by 1% (120kg) to 9 515kg in comparison to 9 635kg in the September 2013 quarter. Underground recovered grade improved by 7% to 4.85g/t for a third consecutive quarter.

Production at Hidden Valley showed a marked improvement following the restructuring at the mine over the last couple of quarters. Closing the Kimberley Reef at Doornkop resulted in a 13% increase in recovered grade, with Target 1, Bambanani and Unisel performing very well.

Operating profit for the December 2013 quarter was 5% lower than in the previous quarter at R986 million, due to a 3% decrease in the gold price received as well as gold production being stable quarter-on-quarter.

The rand gold price received decreased by 3% from R429 566/kg in the September 2013 quarter to R415 532/kg in the quarter under review.

The US dollar gold price decreased by 5% from US\$1 342/oz in the September 2013 quarter to US\$1 277/oz. The rand weakened by 2% against the US dollar in the December 2013 quarter to R10.12/US\$ from R9.96/US\$ in the September 2013 quarter.

Cash operating costs decreased by 6% or R187 million in the December 2013 quarter.

Capital expenditure for the December 2013 quarter remained fairly constant at R640 million (R622 million in the September 2013 quarter).

South African operations increased expenditure by 8% or R48 million, whilst Hidden Valley recorded a 61% (R29 million) decrease in capital to R19 million.

Our focus on driving our all-in-sustaining cost lower has resulted in an all-in sustaining cost of R397 503/kg for the December 2013 quarter, a 2% improvement compared to the R404 694/kg recorded in the September 2013 quarter and a 15% improvement over the last three quarters.

## **3. EMPLOYEE RELATIONS**

The Association of Mineworkers and Construction Union (AMCU) sought to proceed with strike action on a number of gold mining operations with effect from 20 January 2014 in relation to the wage agreement that was finalised in September 2013 in the gold sector between the

employers and the National Union of Mineworkers, UASA and Solidarity and which was applied to all employees in the represented bargaining units. Together, these three unions represented 72% of employees in the sector. The agreed increases and improved benefits were backdated to 1 July 2013 and all employees, irrespective of union affiliation, have been in receipt of these since September 2013.

On 30 January 2014 South Africa's Labour Court ruled that a strike threatened by the AMCU at our Kususaletu and Masimong mines would be unprotected, and that employees should continue to proceed to work. The ruling ruled that AMCU must return to court on 14 March 2014 to explain why this interim interdict that was applied for by the Chamber of Mines should not be made permanent.

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We welcome this interim ruling and remain firm in the company's belief that the wage agreement is fair and valid. Harmony and the unions can get this industry working. By actively contributing to the success of the company, employees can and will share in its fortunes.

**4. WAFI-GOLPU**

On 6 December 2013 Harmony and Newcrest announced plans to complete a feasibility study to evaluate an underground exploration programme for the Wafi-Golpu Project in PNG.

This next phase of work requires a feasibility study on underground exploration access and associated underground staging platforms to complete deep underground drilling and bulk sampling of the ore body. Underground access to the orebody through an exploration shaft would generate essential ore body knowledge required to support a future development decision. Geotechnical drilling to identify a suitable exploration shaft location has commenced.

The Johannesburg office of the engineering consulting firm WorleyParsons TWP has been engaged to prepare the feasibility study for the proposed underground exploration access for consideration and approval by the joint venture. Their engagement also includes a review of an associated lower capital expenditure development option for the Golpu deposit to underpin the commercial decision for underground access.

The joint venture anticipates a final investment decision for the proposed underground access during the second half of calendar 2014, subject to receipt of necessary regulatory approvals.

The joint venture also aims to finalise an agreement to provide a framework for the underground exploration phase, ongoing technical and economic studies and, ultimately, the future development and operation of the project.

These planning and study activities are accommodated within the 2014 exploration budget for the project. In parallel to these planning and study activities, the joint venture will continue with investment in the community in the Wafi-Golpu project area.

**5. ENVIRONMENTAL MANAGEMENT**

Harmony demonstrated an improved performance in the Carbon Disclosure Project year on year since 2010 in both the disclosure and performance leadership indices. This year we maintained a score of 98% (holding a joint third position) Gold rating on the Disclosure Index and an A-Band Platinum rating on the Performance and Leadership Index. Harmony and Anglo American are the only two mining companies of the JSE top 100 that achieved A-Band performance. Of the JSE top 100, only eight companies achieved A-Band ratings.

**Graham Briggs**

*Chief executive officer*

Financial overview

**Net (loss)/profit**

The net loss for the December 2013 quarter was R91 million, compared to a net profit of R13 million in the September 2013 quarter, mainly due to the foreign exchange translation loss recorded on the US\$-denominated loan and gold stock adjustments as a result of more

gold sold than produced during the December 2013 quarter.

**Other (expenses)/income – net**

Included in other expenses in the December 2013 quarter is a loss of R111 million for the foreign exchange movement on the US\$-denominated syndicated loan, resulting from the Rand weakening from US\$/R10.05 to US\$/R10.46 at 31 December 2013.

**Non-current assets classified as held for sale**

During the December 2013 quarter, Sibanye Gold Limited (Sibanye) made a cash offer to purchase the entire issued ordinary share capital of Witwatersrand Consolidated Gold Resources Limited (Wits Gold). The transaction is subject to regulatory approvals and is expected to be completed within 12 months. The group's investment in Wits Gold has subsequently been classified as a non-current asset held for sale.

**Borrowings**

During the December 2013 quarter, the Nedbank R850 million facility was refinanced with a new three year R1.3 billion Nedbank facility on substantially the same terms as the previous facility. The new revolving credit facility matures in December 2016. The outstanding amount on the Nedbank Term Loan of R458 million was settled by drawing against the new facility. The covenants on both the US\$ denominated loan and Rand facilities were renegotiated and are as follows:

- The group's interest cover ratio shall not be less than five times (EBITDA/Total interest);
- Current ratio shall not be less than one (current assets/current liabilities);
- Cash flow from operating activities shall be above R100 million for the six months prior to the evaluation date;
- Total net debt shall not exceed R3 billion plus the rand equivalent of US\$300 million;
- Tangible net worth to net debt ratio shall not be less than six times.

**Loss/earnings per share**

The earnings per share of 3 SA cents decreased to a loss per share of 21 SA cents in the December 2013 quarter.



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**Results for the second quarter FY14  
and six months ended 31 December 2013**

OPERATIONAL RESULTS

(Rand/Metric) (US\$/Imperial)

South Africa

Hidden

Valley\*

Total

continuing

operations

Underground production

Surface production

Total

SouthAfrica

Three

months

ended

Kusasa-

lethu

Doornkop

Phakisa

Tshepong

Masimong

Target 1

Bamba-

nani

Joel

Unisel

Target 3

Steyn 2

Total

under-

ground

Phoenix

Dumps

Kalgold\*

Total

surface

**Ore milled**

**- t'000**

**Dec-13**

**302**

**238**

**137**

**219**

**161**

**193**

**54**

**149**

107  
75  
12  
1 647  
1 482  
755  
364  
2 601  
4 248  
506  
4 754  
Sep-13  
329  
236  
156  
249  
189  
191  
51  
159  
108  
82  
12  
1 762  
1 544  
873  
364  
2 781  
4 543  
503  
5 046  
**Gold produced**  
– kg  
Dec-13  
1 140  
872  
706  
962  
684  
1 241  
697  
674  
512  
350  
147  
7 985  
217  
226  
315  
758  
8 743

772

**9 515**

Sep-13

1 272

765

755

1 049

758

1 081

623

697

476

392

146

8 014

225

297

324

846

8 860

775

9 635

**Gold produced**

- oz

**Dec-13**

**36 652**

**28 035**

**22 698**

**30 929**

**21 991**

**39 899**

**22 409**

**21 670**

**16 461**

**11 253**

**4 726**

**256 723**

**6 977**

**7 266**

**10 127**

**24 370**

**281 093**

**24 820**

**305 913**

Sep-13

40 896

24 595

24 274

33 726

24 370

34 755

20 030  
22 409  
15 304  
12 603  
4 694  
257 656  
7 234  
9 549  
10 417  
27 200  
284 856  
24 917  
309 773  
**Yield –  
g/tonne  
Dec-13**  
**3.77**  
**3.66**  
**5.15**  
**4.39**  
**4.25**  
**6.43**  
**12.91**  
**4.52**  
**4.79**  
**4.67**  
**12.25**  
**4.85**  
**0.15**  
**0.30**  
**0.87**  
**0.29**  
**2.06**  
**1.53**  
**2.00**  
Sep-13  
3.87  
3.24  
4.84  
4.21  
4.01  
5.66  
12.22  
4.38  
4.41  
4.78  
12.17  
4.55  
0.15  
0.34  
0.89

0.30  
1.95  
1.54  
1.91

**Cash operating costs**

**– R/kg**

**Dec-13**

**389 854**

**320 533**

**374 572**

**352 244**

**353 671**

**200 373**

**199 795**

**261 521**

**294 779**

**383 566**

**221 871**

**306 967**

**279 221**

**357 916**

**318 184**

**318 876**

**308 000**

**316 206**

**308 665**

Sep-13

378 360

372 256

359 825

337 704

339 471

240 274

220 342

258 561

320 525

373 446

233 966

319 395

272 796

344 552

325 694

318 246

319 286

381 274

324 272

**Cash operating costs**

**– \$/oz**

**Dec-13**

**1 198**

**985**

1 151

1 083

1 087

616

614

804

906

1 179

682

943

858

1 100

978

980

947

972

949

Sep-13

1 182

1 163

1 124

1 055

1 060

750

688

808

1 001

1 166

731

998

852

1 076

1 017

994

997

1 191

1 013

**Cash operating costs**

**– R/tonne**

**Dec-13**

1 472

1 174

1 930

1 547

1 503

1 288

2 579

1 183

1 411

1 790

2 718

**1 488**

**41**

**107**

**275**

**93**

**634**

**482**

**618**

Sep-13

1 463

1 207

1 741

1 423

1 361

1 360

2 692

1 133

1 413

1 785

2 847

1 453

40

117

290

97

623

587

619

**Gold sold**

**- kg**

**Dec-13**

**1 184**

**888**

**740**

**1 009**

**717**

**1 384**

**730**

**681**

**537**

**390**

**154**

**8 414**

**180**

**224**

**269**

**673**

**9 087**

**711**

**9 798**

Sep-13

1 098  
796  
742  
1 031  
745  
986  
613  
693  
467  
358  
144  
7 673  
221  
288  
340  
849  
8 522  
831  
9 353  
**Gold sold**  
**- oz**  
**Dec-13**  
**38 066**  
**28 550**  
**23 792**  
**32 440**  
**23 052**  
**44 497**  
**23 470**  
**21 895**  
**17 265**  
**12 539**  
**4 951**  
**270 517**  
**5 787**  
**7 202**  
**8 649**  
**21 638**  
**292 155**  
**22 859**  
**315 014**  
Sep-13  
35 301  
25 592  
23 856  
33 147  
23 952  
31 701  
19 708  
22 280  
15 014



11 510

4 630

246 691

7 105

9 259

10 931

27 295

273 986

26 717

300 703

**Revenue (R'000)**

**Dec-13**

**494 357**

**364 818**

**306 991**

**418 452**

**297 349**

**575 876**

**302 668**

**283 124**

**222 669**

**162 260**

**63 875**

**3 492 439**

**75 268**

**96 949**

**113 108**

**285 325**

**3 777 764**

**293 622**

**4 071 386**

Sep-13

471 091

342 177

318 272

442 614

319 160

423 239

263 048

297 079

200 535

153 520

61 532

3 292 267

95 253

124 269

146 634

366 156

3 658 423

359 304

4 017 727

**Cash operating costs**

**(R'000)**

**Dec-13**

**444 434**

**279 505**

**264 448**

**338 859**

**241 911**

**248 663**

**139 257**

**176 265**

**150 927**

**134 248**

**32 615**

**2 451 132**

**60 591**

**80 889**

**100 228**

**241 708**

**2 692 840**

**244 111**

**2 936 951**

Sep-13

481 274

284 776

271 668

354 251

257 319

259 736

137 273

180 217

152 570

146 391

34 159

2 559 634

61 379

102 332

105 525

269 236

2 828 870

295 487

3 124 357

**Inventory movement**

**(R'000)**

**Dec-13**

**28 010**

**12 659**

**16 146**

**22 591**

**16 418**

**51 668**

12 367

(6 288)

9 603

28 051

3 043

194 268

(11 068)

143

(13 675)

(24 600)

169 668

(20 733)

148 935

Sep-13

(86 317)

3 625

(6 345)

(8 697)

476

(34 582)

(1 659)

(1 589)

(2 391)

(19 548)

(1 020)

(158 047)

(317)

(4 017)

2 559

(1 775)

(159 822)

16 283

(143 539)

**Operating costs**

**(R'000)**

**Dec-13**

**472 444**

**292 164**

**280 594**

**361 450**

**258 329**

**300 331**

**151 624**

**169 977**

**160 530**

**162 299**

**35 658**

**2 645 400**

**49 523**

**81 032**

**86 553**

**217 108**  
**2 862 508**  
**223 378**  
**3 085 886**

Sep-13  
394 957  
288 401  
265 323  
345 554  
257 795  
225 154  
135 614  
178 628  
150 179  
126 843  
33 139  
2 401 587  
61 062  
98 315  
108 084  
267 461  
2 669 048  
311 770  
2 980 818

**Operating profit**  
**(R'000)**

**Dec-13**  
**21 913**  
**72 654**  
**26 397**  
**57 002**  
**39 020**  
**275 545**  
**151 044**  
**113 147**  
**62 139**  
**(39)**  
**28 217**  
**847 039**  
**25 745**  
**15 917**  
**26 555**  
**68 217**  
**915 256**  
**70 244**  
**985 500**  
Sep-13  
76 134  
53 776  
52 949  
97 060

61 365  
198 085  
127 434  
118 451  
50 356  
26 677  
28 393  
890 680  
34 191  
25 954  
38 550  
98 695  
989 375  
47 534  
1 036 909

**Operating profit**

**(\$'000)**

**(R'000)**

**Dec-13**

**2 164**

**7 178**

**2 609**

**5 632**

**3 856**

**27 227**

**14 924**

**11 180**

**6 140**

**(4)**

**2 788**

**83 694**

**2 544**

**1 572**

**2 623**

**6 739**

**90 433**

**6 941**

**97 374**

Sep-13

7 644

5 400

5 317

9 746

6 161

19 890

12 797

11 894

5 057

2 679

2 850

89 435

3 434

2 606

3 871

9 911

99 346

4 772

104 118

**Capital expenditure**

**(R'000)**

**Dec-13**

**130 309**

**63 513**

**98 511**

**78 740**

**40 571**

**64 190**

**29 220**

**37 936**

**24 652**

**36 768**

**641**

**605 051**

**931**

**2 463**

**12 607**

**16 001**

**621 052**

**19 082**

**640 134**

Sep-13

120 048

60 100

90 762

67 598

37 819

61 509

31 922

42 056

17 228

35 411

562

565 015

—

129

8 023

8 152

573 167

48 478

621 645

**Capital expenditure**

**(\$'000)**

**Dec-13**

**12 876**

**6 276**

**9 734**

**7 780**

**4 009**

**6 343**

**2 887**

**3 748**

**2 436**

**3 633**

**63**

**59 785**

**92**

**243**

**1 246**

**1 581**

**61 366**

**1 885**

**63 251**

Sep-13

12 055

6 035

9 114

6 788

3 798

6 176

3 205

4 223

1 730

3 556

56

56 736

–

13

806

819

57 555

4 868

62 423

**Adjusted operating costs**

**– R/kg**

**Dec-13**

**408 698**

**346 101**

**389 497**

**367 910**

**371 109**

**222 422**

**216 640**

**258 728**

307 717  
422 833  
240 307  
323 996  
275 126  
361 752  
330 343  
326 029  
324 163  
316 287  
323 591  
Sep-13  
375 072  
375 492  
364 217  
341 375  
362 285  
232 532  
226 822  
263 371  
329 937  
359 871  
235 119  
321 965  
276 299  
341 372  
321 027  
316 285  
321 399  
376 717  
326 314  
**Adjusted operating costs**  
– \$/oz  
Dec-13  
1 256  
1 064  
1 197  
1 131  
1 141  
684  
666  
795  
946  
1 299  
739  
996  
846  
1 112  
1 015  
1 002  
996



**969**

**994**

Sep-13

1 171

1 173

1 138

1 066

1 132

726

708

823

1 031

1 124

734

1 006

863

1 066

1 003

988

1 004

1 177

1 019

**All-in sustaining costs**

**– R/kg**

**Dec-13**

**533 624**

**416 838**

**503 058**

**458 501**

**447 878**

**278 028**

**241 303**

**299 632**

**373 246**

**526 404**

**263 910**

**400 445**

**280 299**

**386 310**

**393 782**

**360 943**

**397 713**

**394 820**

**397 503**

Sep-13

499 528

453 515

497 604

418 042

428 681

306 233

248 992  
299 968  
380 985  
470 106  
253 014  
400 649  
276 299  
352 628  
359 453  
335 492  
393 978  
514 593  
404 694

**All-in sustaining costs**

– \$/oz

**Dec-13**

**1 640**

**1 281**

**1 546**

**1 409**

**1 376**

**854**

**742**

**921**

**1 147**

**1 618**

**811**

**1 231**

**861**

**1 187**

**1 210**

**1 109**

**1 222**

**1 209**

**1 222**

Sep-13

1 560

1 416

1 554

1 306

1 339

956

778

937

1 190

1 468

790

1 251

863

1 101

1 123

1 048

1 230

1 607

1 264

*\* Comparative figures for these operations have been restated as a result of the adoption of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine.  
Refer to note 2 of the Financial Statements.*

8

**Results for the second quarter FY14  
and six months ended 31 December 2013**

Commentary on operational results

**Quarter-on-quarter**

Harmony increased its underground recovered grade by 7% to 4.85g/t, representing a third consecutive quarter of increased grade.

Harmony's production for the second quarter of financial year 2014 compared well with the previous quarter, with a 1% decrease to 9 515kg.

Cash operating costs decreased by 5% to R308 665/kg mainly due to the decrease in the electricity price tariffs, compared to the previous quarter which included winter tariffs.

All-in sustaining costs decreased by 2% quarter-on-quarter from R404 694/kg to R397 503/kg mainly due to a 5% increase in gold sold during the quarter. Production delivery against a lower operating cost base remains the key focus at all of our operations during the next quarter.

**SOUTH AFRICAN OPERATIONS**

**Kusasaletu**

Kusasaletu's results were adversely affected by the spillage and flooding of the return ventilation shaft and sub-shaft bottoms which hampered rock hoisting during the quarter.

During the March 2014 quarter, management will focus on increasing the availability of the engineering equipment in order to reduce production downtime.

**Doornkop**

Doornkop had a good quarter, with a 14% increase in production mainly due to a 13% increase in grade. Cash operating cost improved by 14% to R320 533/kg while the all-in sustaining costs improved by 8% to R 416 838/kg.

The Kimberley Reef mine was always earmarked for closure as the new South Reef mine increased production at a higher recovered grade.

Mechanized mining methods are used on the Kimberley Reef horizon (mining high volumes at a much lower grade), which is extremely sensitive to gold price fluctuations and in the current gold price environment, the end of its economic life was brought closer.

Closing the Kimberley Reef will have a positive effect on both the costs and grade of Doornkop. Production at the higher-grade South Reef project is ramping up to scheduled full production in financial year 2016. Focus during the next quarter will be to achieve targets relating to tonnes and grade, as well as to conclude the Kimberley Reef's section 189 process.

**Phakisa**

Phakisa's 6% increase in recovered grade quarter-on-quarter (to 5.15g/t) partly countered the effect of a 12% decrease in tonnes milled, resulting in gold production of 706kg of gold during the quarter.

All-in sustaining costs remained stable at R503 058/kg. During the March 2014 quarter, on-going rehabilitation work to the Freddies.

3 ventilation shaft will continue. The scope of the rehabilitation work increased after another smaller cavity was identified during the re-sink

and re-lining process.

### **Tshepong**

Tshepong's gold production decreased due to a section 54 stoppage after a fatality occurred. The decrease of 12% in tonnes milled, offset by a 4% increase in recovered grade (at 4.39g/t) resulted in an 8% decrease in gold production to 962kg.

Cash operating costs increased by 4% quarter-on-quarter while the all-in sustaining costs increased by 10% to R458 501/kg, as a result of lower volumes and higher capital expenditure during the quarter. Tshepong's focus during the next quarter will be on creating stoping face length in the higher grade areas of the mine and maintaining reef meter development.

### **Masimong**

Masimong had another challenging quarter with gold production being 10% less at 684kg, due to a 15% decrease in volumes quarter-on-quarter. General underperformance and a fatality during the December 2013 quarter had a negative impact on production.

However, recovered grade increased by 6% quarter-on-quarter to 4.25g/t.

The decrease in gold production resulted in a 4% increase in cash operating cost at R353 671/kg and together with higher capital expenditure quarter-on-quarter, a 4% increase in all-in sustaining costs from R428 681/kg to R447 878/kg.

The focus in the next quarter will be to address the underperformance to ensure a turnaround at the mine. Actions include: restructuring the shaft, equipping and mining high grade pillars that were previously left un-mined and reduce maintenance capital to an absolute minimum.

### **Target 1**

Target 1 had another excellent quarter with a 14% increase in recovered grade and a 15% increase in gold production.

The mine's sustained operational improvements resulted in a lower all-in sustaining cost of R278 028/kg and a 17% reduction in cash operating cost to R200 373/kg.

### **Bambanani**

Gold production increased by 12% quarter-on-quarter, due to a 6% increase in both volumes and recovered grade at 12.91g/t.

Bambanani has the lowest all-in sustaining cost in the company at R241 303/kg, as well as the best cash operating cost at R199 795/kg.

During the March 2014 quarter Bambanani will continue its good performance, through a further increase in volume.

### **Joel**

Stoppages in December 2013 resulted in a 6% decrease in tonnes milled at Joel. Recovered grade increased by 3% to 4.52g/t, resulting in a 3% decrease in gold to 674kg.

Quarter-on-quarter cash operating cost increased slightly to R261 521/kg and all-in sustaining costs remained stable at R299 632/kg.

### **Unisel**

Unisel had a good production quarter due to a 9% increase in recovered grade (from 4.41g/t to 4.79g/t), resulting in a 8% increase in gold production to 512kg.

Cash operating costs improved by 8% to R294 779/kg quarter-on-quarter and all-in sustaining costs decreased from R380 985/kg to R373 246/kg.

**9**

**Target 3**

Target 3 had a very challenging quarter. Tonnes decrease by 9% (from 82 000t to 75 000t), the recovered grade decreased by 2% to 4.67g/t, which resulted in an 11% decrease in gold production to 350kg.

Due to the underperformance in gold output the cash operating cost also increased by 3% to R383 566/kg.

All-in sustaining cost increased by 12% to R526 404/kg.

A review of Target 3's performance was done in January to assess the underperformance. The focus will be on opening up the Basal Reef.

**Steyn 2**

Tonnes milled remained steady quarter-on-quarter at 12 000t while the recovered grade increased by 1% from 12.17g/t to 12.25g/t, resulting in gold production remaining steady.

Cash operating costs improved by 5% quarter-on-quarter to R221 871/kg and all-in sustaining costs increased from R253 014/kg to R263 910/kg, due to higher capital spent quarter-on-quarter.

**Phoenix (tailings)**

Recovered grade remained stable at 0.15g/t while 4% less tonnes were milled at Phoenix during the quarter, which resulted in a 4% decrease in gold production to 217kg.

The decrease in gold output resulted in a 2% increase in cash operating costs to R279 221/kg and a slight increase in all-in sustaining costs from R276 299/kg to R280 299/kg in the quarter.

During the March 2014 quarter, focus will remain on optimising efficiency, recovery and cost control.

**Surface dumps**

Quarter-on-quarter gold production decreased by 24% due to a 14% decrease in tonnes milled. Grade was 12% lower at 0.30g/t.

The decrease in gold output resulted in a 4% increase in cash operating costs to R357 916/kg and a 10% increase quarter-on-quarter in all-in sustaining costs at R386 310/kg.

**Kalgold**

Kalgold's gold production decreased by 3% quarter-on-quarter to 315kg, as tonnes were in line with the previous quarter while recovered grade was 2% lower at 0.87g/t for the December 2013 quarter.

Cash operating cost decreased by 2% to R318 184/kg while all-in sustaining costs increased by 10% to R393 782/kg due to an increase in the total capital expenditure on the new oxygen plant, costs incurred on the new residue tank and other plant refurbishment projects.

During the quarter, a decision was taken to postpone the scheduled replacements of A and B mills to the next financial year in line with the capital reduction initiative throughout the Company.

**INTERNATIONAL OPERATIONS**

**Hidden Valley**

(held in Morobe Mining Joint Ventures – 50% of attributable production reflected)

Hidden Valley's tonnes milled and recovered grade at 1.53g/t was in line with the previous quarter and resulted in gold production of 772kg during the December 2013 quarter. Silver production at 272 710oz was 8%, higher than the previous quarter

Cash operating costs improved by 17% to R316 206/kg, while all-in sustaining costs decreased by 23% to R394 820/kg during the quarter, due to lower production stripping, increased silver by-product credits, lower sustaining capital expenditure and continued cost reduction efforts.

The operating performance of the overland conveyor improved during the quarter and minor configuration changes to the crusher were completed.

Exploration highlights

**INTERNATIONAL (PAPUA NEW GUINEA)**

**Morobe Mining Joint Venture (MMJV) (50% Harmony)**

**Wafi-Golpu**

In addition to what is said in the message from the chief executive officer on page 5:

Harmony and its joint venture partner, Newcrest Mining Limited, plan to undertake a feasibility study to evaluate an underground exploration program for the Wafi-Golpu Project. The underground exploration program is proposed to include an exploration shaft to facilitate deep drilling and bulk sampling of the orebody to generate essential orebody knowledge required to support a future development decision.

Geotechnical drilling to identify a suitable exploration shaft location is in progress.

A final investment decision for the proposed underground exploration program is expected during the second half of calendar 2014, subject to receipt of necessary government and regulatory approvals. Work is continuing on a substantially lower capital expenditure development option for Wafi-Golpu and drilling activity has been scaled down from four rigs to only one drill assigned to resource definition continuing into the third quarter.

Drilling during the quarter delivered the following results (also refer to the projection view schematic below):

North-south resource definition hole confirms continuity of porphyry and high grade mineralisation

- 943.49m @ 1.28g/t Au and 1.44% Cu from 996m (WR499)2
- Including 560m @ 1.88g/t Au and 2.13% Cu from 1252m

New zone of higher grade gold mineralisation identified between Golpu and Wafi

- 54m @ 3.61g/t Au from 146m (WR502)



**10**

**Results for the second quarter FY14  
and six months ended 31 December 2013**

*Figure 1: Projection view of Wafi-Golpu*

*1 Resource estimates quoted on 100% basis – refer Harmony's Mineral Resources & Reserves statement as at 30 June 2013*

*2 Partial result reported*

*Figure 2: Harmony PNG Exploration project locations and Q2 work summary*

**11**

**Results for the  
second quarter FY14 and  
six months ended  
31 December 2013  
(Rand)**

12

**Results for the second quarter FY14  
and six months ended 31 December 2013**

CONDENSED CONSOLIDATED INCOME STATEMENTS

(Rand)

**Quarter ended**

**Six months ended**

**Year ended**

31 December

30 September

31 December

31 December

31 December

30 June

2013

2013

2012

2013

2012

2013

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

Figures in million

Note

(Restated)\*

(Restated)\*

(Restated)\*

Continuing operations

Revenue

4 071

4 018

4 613

8 089

8 891

15 902

Cost of sales

3

(3 817)

(3 735)

(3 508)

(7 552)

(7 018)

(16 448)

Production costs

(3 086)

(2 981)

(2 956)

(6 067)

(5 834)

(11 321)  
Amortisation and depreciation  
(565)  
(577)  
(509)  
(1 142)  
(1 002)  
(2 001)  
Impairment of assets  
-  
-  
-  
-  
(2 733)  
Other items  
(166)  
(177)  
(43)  
(343)  
(182)  
(393)  
**Gross profit/(loss)**  
**254**  
**283**  
**1 105**  
**537**  
**1 873**  
**(546)**  
Corporate, administration and other  
expenditure  
(102)  
(108)  
(111)  
(210)  
(217)  
(465)  
Social investment expenditure  
(21)  
(38)  
(25)  
(59)  
(45)  
(127)  
Exploration expenditure  
(112)  
(142)  
(160)  
(254)  
(296)  
(673)

Profit on sale of property,  
plant and equipment

—

—

69

—

124

139

Other (expenses)/income – net

6

(140)

1

(47)

(139)

(44)

(350)

**Operating (loss)/profit**

**(121)**

**(4)**

**831**

**(125)**

**1 395**

**(2 022)**

Profit from associates

4

3

—

7

—

—

Impairment of investments

—

(7)

—

(7)

(48)

(88)

Net gain on financial instruments

39

74

92

113

166

173

Investment income

50

45

38

95

71

185

Finance cost

(57)

(60)

(75)

(117)

(133)

(256)

**(Loss)/profit before taxation**

**(85)**

**51**

**886**

**(34)**

**1 451**

**(2 008)**

Taxation

(6)

(38)

(221)

(44)

(373)

(655)

Normal taxation

—

(49)

(115)

(49)

(226)

(271)

Deferred taxation

(6)

11

(106)

5

(147)

(384)

**Net (loss)/profit from continuing operations**

**(91)**

**13**

**665**

**(78)**

**1 078**

**(2 663)**

Discontinued operations

Profit from discontinued operations

—

—

82

—

171

314

**Net (loss)/profit for the period**

(91)

13

747

(78)

1 249

(2 349)

*Attributable to:*

Owners of the parent

(91)

13

747

(78)

1 249

(2 349)

**(Loss)/earnings per ordinary share (cents)**

4

(Loss)/earnings from continuing operations

(21)

3

154

(18)

249

(616)

Earnings from discontinued operations

–

–

19

–

40

73

**Total (loss)/earnings**

(21)

3

173

(18)

289

(543)

**Diluted (loss)/earnings per ordinary share (cents)**

4

(Loss)/earnings from continuing operations

(21)

3

154

(18)

249

(616)

Earnings from discontinued  
operations

—

—

19

—

40

73

**Total diluted (loss)/earnings**

**(21)**

**3**

**173**

**(18)**

**289**

**(543)**

*\* The audited June 2013 annual results, interim December 2012 and unaudited December 2012 quarter results have been restated due to a change in accounting policy. Refer to note 2 for details.*

*The restatements to the comparative information have not been audited.*

The accompanying notes are an integral part of these condensed consolidated financial statements.



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The condensed consolidated financial statements for the six months ended 31 December 2013 have been prepared by Harmony Gold Mining Company Limited's corporate reporting team headed by Mr Herman Perry. This process was supervised by the financial director, Mr Frank Abbott and approved by the board of Harmony Gold Mining Company Limited. The condensed consolidated financial statements for the six months ended 31 December 2013 were reviewed by the group's external auditors, PricewaterhouseCoopers Incorporated (see note 13).

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Rand)

**Quarter ended****Six months ended****Year ended**

31 December

30 September

31 December

31 December

31 December

30 June

2013

2013

2012

2013

2012

2013

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

Figures in million

(Restated)\*

(Restated)\*

(Restated)\*

Net (loss)/profit for the period

(91)

13

747

(78)

1 249

(2 349)

Other comprehensive income/(loss)

for the period, net of income tax

378

(695)

195

(317)

220

737

Foreign exchange translation

370

(694)

172

(324)  
 197  
 742  
 Movements on investments  
 8  
 (1)  
 23  
 7  
 23  
 (5)  
**Total comprehensive  
 income/(loss) for the period**  
**287**

**(682)**  
**942**  
**(395)**  
**1 469**  
**(1 612)**

*Attributable to:*

Owners of the parent

287  
 (682)  
 942  
 (395)  
 1 469  
 (1 612)

*\* The audited June 2013 annual results, interim December 2012 and unaudited December 2012 quarter results have been restated due to a change in accounting policy. Refer to note 2 for details.*

*The restatements to the comparative information have not been audited.*

The accompanying notes are an integral part of these condensed consolidated financial statements.

All items in Other comprehensive income will be reclassified subsequently to profit or loss when specific conditions are met.

#### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Rand)

for the six months ended 31 December 2013

Figures in million

Note

Share capital

Other

reserves

Retained

earnings

Total

Balance – 30 June 2013 as previously reported

28 325

3 464

522

32 311

Restatement for IFRIC 20

2

–

(22)  
 (74)  
 (96)  
 Restated balance – 30 June 2013  
 28 325  
 3 442  
 448  
 32 215  
 Share-based payments  
 –  
 145  
 –  
 145  
 Net loss for the period  
 –  
 –  
 (78)  
 (78)  
 Other comprehensive loss for the period  
 –  
 (317)  
 –  
 (317)  
**Balance – 31 December 2013**  
**28 325**  
**3 270**  
**370**  
**31 965**  
 Balance – 30 June 2012 as previously reported  
 28 331  
 2 444  
 3 307  
 34 082  
 Restatement for IFRIC 20  
 2  
 –  
 (15)  
 (94)  
 (109)  
 Restated balance – 30 June 2012  
 28 331  
 2 429  
 3 213  
 33 973  
 Share-based payments  
 –  
 130  
 –  
 130  
 Net profit for the period  
 –

–  
1 249  
1 249  
Other comprehensive income for the period  
–  
220  
–  
220  
Dividends paid  
1  
–  
–  
(218)  
(218)  
**Balance – 31 December 2012**  
**28 331**  
**2 779**  
**4 244**  
**35 354**

*1*  
*Dividend of 50 SA cents declared on 13 August 2012.*

The accompanying notes are an integral part of these condensed consolidated financial statements.

14

**Results for the second quarter FY14  
and six months ended 31 December 2013**

CONDENSED CONSOLIDATED BALANCE SHEETS

(Rand)

At

At

At

At

31 December

30 September

30 June

31 December

2013

2013

2013

2012

(Unaudited)

(Audited)

Figures in million

Note

(Restated)\*

(Restated)\*

**ASSETS**

**Non-current assets**

Property, plant and equipment

32 663

32 195

32 732

33 931

Intangible assets

2 193

2 191

2 191

2 192

Restricted cash

38

38

37

37

Restricted investments

2 180

2 143

2 054

2 020

Deferred tax assets

91

93

104

554

Investments in associates

	115
	112
	109
	—
Investments in financial assets	
	4
	42
	49
	159
Inventories	
	57
	57
	57
	57
Trade and other receivables	
	—
	—
	—
	13
<b>Total non-current assets</b>	
	<b>37 341</b>
	<b>36 871</b>
	<b>37 333</b>
	<b>38 963</b>
<b>Current assets</b>	
Inventories	
	1 423
	1 482
	1 417
	1 066
Trade and other receivables	
	1 149
	1 238
	1 162
	1 292
Income and mining taxes	
	106
	103
	132
	—
Restricted cash	
	15
	—
	—
	—
Cash and cash equivalents	
	2 323
	2 288
	2 089
	2 511
	5 016

5 111
4 800
4 869
Non-current assets and assets of disposal groups classified as held for sale
5
46
—
—
1 822
<b>Total current assets</b>
<b>5 062</b>
<b>5 111</b>
<b>4 800</b>
<b>6 691</b>
<b>Total assets</b>
<b>42 403</b>
<b>41 982</b>
<b>42 133</b>
<b>45 654</b>
<b>EQUITY AND LIABILITIES</b>
<b>Share capital and reserves</b>
Share capital
28 325
28 325
28 325
28 331
Other reserves
3 270
2 790
3 442
2 779
Retained earnings
370
461
448
4 244
<b>Total equity</b>
<b>31 965</b>
<b>31 576</b>
<b>32 215</b>
<b>35 354</b>
<b>Non-current liabilities</b>
Deferred tax liabilities
3 000
2 998
3 021
3 270
Provision for environmental rehabilitation
2 016
1 990

1 997
1 912
Retirement benefit obligation
201
198
194
184
Other provisions
71
63
55
40
Borrowings
6
3 280
2 868
2 252
2 072
<b>Total non-current liabilities</b>
<b>8 568</b>
<b>8 117</b>
<b>7 519</b>
<b>7 478</b>
<b>Current liabilities</b>
Borrowings
6
—
291
286
301
Income and mining taxes
—
24
4
16
Trade and other payables
1 870
1 974
2 109
2 050
1 870
2 289
2 399
2 367
Liabilities of disposal groups classified as held for sale
—
—
—
455
<b>Total current liabilities</b>
<b>1 870</b>



2 289

2 399

2 822

**Total equity and liabilities**

42 403

41 982

42 133

45 654

*\* The audited June 2013 annual results and interim December 2012 results have been restated due to a change in accounting policy. Refer to note 2 for details. The restatements to the comparative information have not been audited.*

The accompanying notes are an integral part of these condensed consolidated financial statements.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(Rand)

**Quarter ended**

**Six months ended**

**Year ended**

31 December

30 September

31 December

31 December

31 December

30 June

2013

2013

2012

2013

2012

2013

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

**Cash flow from operating activities**

Cash generated by operations

700

238

1 392

938

2 729

3154

Interest and dividends received

32

26

30

58

56

138

Interest paid

(21)

(29)

(29)

(50)

(58)

(125)

Income and mining taxes paid

(28)

—

(221)

(28)

(113)

(312)

**Cash generated by operating activities**

683

235

1 172

918

2 614

2 855

**Cash flow from investing activities**

Cash transferred to disposal group

—

—

(90)

—

(252)

—

Proceeds on disposal of investment in subsidiary

—

—

—

—

—

1 264

Proceeds on disposal of Merriespruit South

—

—

61

—

61

—

Purchase of investments

—

—

—

—

—

(86)

Other investing activities

(1)

(9)

(45)

(10)

(45)

(4)

Net additions to property, plant and equipment

1

(624)

(618)

(1 047)

(1 242)

(1 940)

(3 652)

**Cash utilised by investing activities**

(625)

(627)

(1 121)

(1 252)

(2 176)

(2 478)

**Cash flow from financing activities**

Borrowings raised

–

612

348

612

678

678

Borrowings repaid

(3)

(3)

(164)

(6)

(173)

(333)

Ordinary shares issued – net of expenses

–

–

–

–

–

1

Option premium on BEE transaction

–

–

–

–

–

–

2

Dividends paid

–

–

–

–

(218)

(435)

**Cash generated/(utilised) by financing activities**

(3)

609

184

<b>606</b>
<b>287</b>
<b>(87)</b>
<b>Foreign currency translation adjustments</b>
<b>(20)</b>
<b>(18)</b>
<b>10</b>
<b>(38)</b>
<b>13</b>
<b>26</b>
Net increase in cash and cash equivalents
35
199
245
234
738
316
Cash and cash equivalents – beginning of period
2 288
2 089
2 266
2 089
1 773
1 773
<b>Cash and cash equivalents – end of period</b>
<b>2 323</b>
<b>2 288</b>
<b>2 511</b>
<b>2 323</b>
<b>2 511</b>
<b>2 089</b>

1

*Includes capital expenditure for Wafi-Golpu and other International projects of R0 million in the December 2013 quarter (September 2013: R0 million)(June 2013: R133 million) (December 2012: R7 million) and R537 million in the 12 months ended 30 June 2013.*

The accompanying notes are an integral part of these condensed consolidated financial statements.

**16**

**Results for the second quarter FY14  
and six months ended 31 December 2013**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
for the period ended 31 December 2013 (Rand)

**1.**

**Accounting policies**

*Basis of accounting*

The condensed consolidated financial statements for the six months ended 31 December 2013 have been prepared in accordance with IAS 34,

Interim Financial Reporting, JSE Listings Requirements, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and

in the manner required by the Companies Act of South Africa. They should be read in conjunction with the annual financial statements for

the year ended 30 June 2013, which have been prepared in accordance with International Financial Reporting Standards as issued by the

International Accounting Standards Board (IFRS). The accounting policies are consistent with those described in the annual financial statements,

except for the adoption of applicable revised and/or new standards issued by the International Accounting Standards Board.

The following accounting standards, amendments to standards and new interpretations have been adopted with effect from 1 July 2013.

IFRS 7

Amendment – Disclosures – Offsetting Financial Assets and Financial Liabilities

IFRS 10

Consolidated Financial Statements

IFRS 11

Joint Arrangements

IFRS 12

Disclosure of Interests in Other Entities

IFRS 13

Fair Value Measurement

IFRSs

Annual Improvements 2009 – 2011

IAS 19

Employee Benefits (Revised 2011)

IAS 27

Separate Financial Statements (Revised 2011)

IAS 28

Investments in Associates and Joint Ventures (Revised 2011)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

New standards and amendments which have an impact on the condensed consolidated financial statements of the group are described below:

IAS 19 includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now

recognised in other comprehensive income (OCI). Actuarial gains and losses recognised in OCI will not be recycled to profit or loss. The impact

for the group was immaterial.

IFRS 11 requires joint operations to be accounted at the group's interest in the assets, liabilities, revenue and expenses of the joint operation.

Harmony previously accounted for joint operations using the proportional consolidation method. The change in

accounting policy has not had an impact on any previously reported numbers.

IFRIC 20 clarifies the requirements for accounting for costs of stripping activity in the production phase of surface mining. Stripping assets that cannot be attributed to an identifiable component of the orebody will be written off to retained earnings on adoptions of IFRIC 20. Refer to note 2 for further details.

## 2.

### **Change in accounting policies**

#### *IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine*

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine (“IFRIC 20”) which became effective on 1 January 2013, clarifies the

requirements for accounting for the costs of stripping activity in the production phase of surface mining when two benefits accrue: (i) usable ore that can be used to produce inventory; and (ii) improved access to further quantities of material that will be mined in future periods.

Harmony has applied IFRIC 20 on a prospective basis from 1 July 2011 in compliance with the transitional requirements of IFRIC 20.

Harmony previously accounted for stripping costs incurred during the production phase to remove waste material by deferring these costs,

which were then charged to production costs on the basis of the average life-of-mine stripping ratio.

A stripping activity asset shall be recognised if all of the following are met:

(i) it is probable that the future economic benefit (improved access to the orebody) associated with the stripping activity will flow to the entity;

(ii) the entity can identify the component of the orebody for which access has been improved; and

(iii) the cost relating to the stripping activity associated with that component can be measure reliably.

The stripping asset shall be depreciated over the expected useful life of the identified component of the orebody based on the units of

production method.

Where there were no identifiable components of the orebody to which the predecessor asset relates, the asset was written off to retained

earnings at the beginning of the earliest period presented. An amount of R54 million was written off to retained earnings.

The comparative periods presented have been restated. The restatement had no effect on the condensed consolidated cash flow statements.

The results for the six months ended 31 December 2013, year ended 30 June 2013 and the financial position at those dates have been reviewed

and audited respectively, but the restatement of the results and balances affected by IFRIC 20 have not been audited.

17

**Reconciliation of the effect of the change in accounting standard:**

**Condensed consolidated income statements**

**Quarter ended**

**Six months ended**

**Year ended**

31 December

31 December

30 June

2012

2012

2013

(Unaudited)

(Audited)

**Cost of sales**

**Production costs**

As previously reported

(2 980)

(5 850)

(11 400)

IFRIC 20 adjustment

24

16

79

Restated

(2 956)

(5 834)

(11 321)

**Amortisation and depreciation**

As previously reported

(501)

(982)

(1 942)

IFRIC 20 adjustment

(8)

(20)

(59)

Restated

(509)

(1 002)

(2 001)

**Increase/decrease in net profit/loss for the period\***

**16**

**(4)**

**20**

*\* There is no material taxation effect on these items.*

**Condensed consolidated statements of comprehensive income**

**Quarter ended**

**Six months ended**

**Year ended**

31 December



31 December

30 June

2012

2012

2013

(Unaudited)

(Audited)

**Increase/decrease in net profit/loss for the period\***

**16**

**(4)**

**20**

*Other comprehensive income for the period net of income tax*

Foreign exchange translation

As previously reported

174

200

749

IFRIC 20 adjustment

(2)

(3)

(7)

Restated

172

197

742

**Increase/decrease in total comprehensive income/loss for the period**

**14**

**(7)**

**13**

*\* There is no material taxation effect on these items.*

**Condensed consolidated balance sheets**

**At**

**At**

30 June

31 December

2013

2012

Figures in million

(Audited)

**Non-current assets**

**Property, plant and equipment**

As previously reported

32 820

34 028

IFRIC 20 adjustment

(88)

(97)

Restated

32 732

33 931

**Current assets**

**Inventories**

As previously reported

1 425

1 085

IFRIC 20 adjustment

(8)

(19)

Restated

1 417

1 066

**Share capital and reserves**

**Other reserves**

As previously reported

3 464

2 797

IFRIC 20 adjustment

1

(22)

(18)

Restated

3 442

2 779

**Retained earnings**

As previously reported

522

4 342

IFRIC 20 adjustment

(74)

(98)

Restated

448

4 244

**Decrease in total equity**

**(96)**

**(116)**

*1*

*Translation effect of the IFRIC 20 adjustments on foreign operations (Hidden Valley).*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

for the period ended 31 December 2013 (Rand)

18

**Results for the second quarter FY14  
and six months ended 31 December 2013**

**Earnings/(loss) and headline earnings per share**

**Quarter ended**

**Six months ended**

**Year ended**

31 December

31 December

30 June

2012

2012

2013

(Unaudited)

(Audited)

**Total basic and diluted earnings/(loss) per share (cents)**

As previously reported

169

290

(548)

IFRIC 20 adjustment

4

(1)

5

Restated

173

289

(543)

**Total headline earnings**

Figures in million

As previously reported

680

1 209

204

IFRIC 20 adjustment

16

(4)

20

Restated

696

1 205

224

**Headline earnings per share (cents)**

As previously reported

158

281

47

IFRIC 20 adjustment

4

(1)

5

Restated

162

280

52

**Diluted headline earnings (cents)**

As previously reported

157

280

47

IFRIC 20 adjustment

4

(1)

5

Restated

161

279

52

**3.**

**Cost of sales**

**Quarter ended**

**Six months ended**

**Year ended**

31 December

30 September

31 December

31 December

31 December

30 June

2013

2013

2012

2013

2012

2013

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

Figures in million

(Restated)\*

(Restated)\*

(Restated)\*

Production costs – excluding royalty

3 047

2 943

2 888

5 990

5 710

11 104

Royalty expense

39

	38
	68
	77
	124
	217
Amortisation and depreciation	
	565
	577
	509
	1 142
	1 002
	2 001
Impairment of assets	
	–
	–
	–
	–
	–
	2 733
Rehabilitation (credit)/expenditure	
	1
	(15)
	15
	(1)
	–
	6
	(24)
Care and maintenance cost of restructured shafts	
	18
	17
	16
	35
	36
	68
Employment termination and restructuring costs	
	2
	50
	94
	–
	144
	7
	46
Share-based payments	
	3
	113
	51
	21
	164
	126

266  
Other  
—  
—  
7  
—  
7  
37  
**Total cost of sales**  
**3 817**  
**3 735**  
**3 508**  
**7 552**  
**7 018**  
**16 448**

*\* The audited June 2013 annual results, interim December 2012 and unaudited December 2012 quarter results have been restated due to a change in accounting policy. Refer to note 2 for details. The restatements to the comparative information have not been audited.*

*1. A credit of R24 million arose in the December 2013 quarter as a result of work performed in the Free State, resulting in a reduction in the rehabilitation liability.*

*2. Included in the September and December 2013 quarters are amounts relating to the restructuring at Hidden Valley and the voluntary retrenchment packages offered in South Africa.*

*3. This includes the cost relating to the Employee Share Ownership Plan (ESOP) awards that were granted in August 2012. The December 2013 quarter includes costs related to the acceleration of vesting for employees who took voluntary retrenchment.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

for the period ended 31 December 2013 (Rand)

19

4.

**Earnings/(loss) and net asset value per share**

**Quarter ended**

**Six months ended**

**Year ended**

31 December

30 September

31 December

31 December

31 December

30 June

2013

2013

2012

2013

2012

2013

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

(Restated)\*

(Restated)\*

(Restated)\*

Weighted average number

of shares ( million)

432.9

432.6

431.6

432.8

431.6

431.9

Weighted average number of diluted

shares ( million)

433.4

433.0

432.6

433.8

432.6

432.7

**Total (loss)/earnings per share**

**(cents):**

Basic (loss)/earnings

(21)

3

173

(18)

289

(543)

Diluted (loss)/earnings

(21)  
3  
173  
(18)  
289  
(543)  
Headline (loss)/earnings  
(21)  
5  
162  
(16)  
280  
52  
– from continuing operations  
(21)  
5  
143  
(16)  
240  
3  
– from discontinued operations  
–  
–  
19  
–  
40  
49  
Diluted headline (loss)/earnings  
(21)  
5  
161  
(16)  
279  
52  
– from continuing operations  
(21)  
5  
142  
(16)  
239  
3  
– from discontinued operations  
–  
–  
19  
–  
40  
49

Figures in million

**Reconciliation of headline  
(loss)/earnings:**



Continuing operations

Net (loss)/profit

(91)

13

665

(78)

1 078

(2 663)

*Adjusted for:*

Impairment of investments

1

—

7

—

7

—

88

Impairment of assets

—

—

—

—

48

2 733

Taxation effect on impairment of assets

—

—

—

—

—

(38)

Profit on sale of property,  
plant and equipment

—

—

(69)

—

(124)

(139)

Taxation effect of profit on sale of  
property, plant and equipment

—

—

18

—

32

31

**Headline (loss)/earnings**

**(91)**

**20**

**614**

(71)  
**1 034**  
**12**  
Discontinued operations  
Net profit  
—  
—  
82  
—  
171  
314  
*Adjusted for:*  
Profit on sale of investment in  
subsidiary  
1  
—  
—  
—  
—  
—

(102)  
**Headline earnings**

—  
—  
**82**  
—  
**171**  
**212**  
**Total headline (loss)/earnings**  
**(91)**  
**20**  
**696**  
**(71)**  
**1 205**  
**224**  
*1*

*There is no taxation effect on these items.*

**Net asset value per share**

**At**  
**At**  
**At**  
**At**  
31 December  
30 September  
30 June  
31 December  
2013  
2013  
2013  
2012  
(Unaudited)

(Audited)

(Restated)\*

(Restated)\*

Number of shares in issue

435 693 819

435 289 890

435 289 890

435 257 691

Net asset value per share (cents)

7 337

7 254

7 405

8 123

*\* The audited June 2013 annual results, interim December 2012 and unaudited December 2012 quarter results have been restated due to a change in accounting policy. Refer to note 2 for details. The restatements to the comparative information have not been audited.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

for the period ended 31 December 2013 (Rand)

20

**Results for the second quarter FY14  
and six months ended 31 December 2013**

5.

**Non-current assets and assets of disposal groups classified as held for sale**

During the December 2013 quarter, a cash offer for Witwatersrand Consolidated Gold Resources Limited's (Wits Gold) entire share capital was made to all Wits Gold shareholders by Sibanye Gold Limited. Harmony has accepted the offer. Following this, R46 million which represents Harmony's fair value stake in Wits Gold has been classified as a non-current asset held for sale (formerly classified as Investment in financial assets) under IFRS 5. A regulatory process is being followed and the sale is expected to be completed within the next 12 months.

6.

**Borrowings**

Two draw downs of US\$30 million each were made from the US\$300 million syndicated revolving credit facility during the September 2013 quarter. During the December 2013 quarter there were no draw downs and the drawn level remains at US\$270 million. The weakening of the Rand against the US\$ resulted in a foreign exchange translation loss of R111 million being recorded, increasing the borrowings balance and Other expenses-net. The facility is repayable by September 2015. Harmony refinanced its Nedbank revolving credit facility and entered into a new agreement for R1.3 billion revolving credit facility during the December 2013 quarter. The interest rate is equivalent to JIBAR + 350 basis points and is repayable by December 2016.

At the same time management also agreed an amended set of financial covenants with the lender group, to give the group more long-term financial flexibility. Two of the covenants were re-negotiated as follows:

- The interest cover measure has been changed from EBIT to EBITDA

1

and the ratio of cover has changed from two times to five times.

- The ratio of Market Capitalisation to Net Debt has been replaced by the ratio of Tangible Net Worth

2

to Net Debt. The ratio remained the same at six times.

1

*EBITDA as defined in the agreement excludes unusual items such as impairment and restructuring cost.*

2

*Tangible Net Worth is defined as total equity less intangible assets.*

The covenants applicable to all Harmony debt facilities are accordingly as follows:

- The group's interest cover ratio shall not be less than five (EBITDA/Total interest).
- Current ratio shall not be less than one (current assets/current liabilities).
- Cash flow from operating activities shall be above R100 million for the six months prior to the evaluation date.
- Total net debt shall not exceed R3 billion plus the rand equivalent of US\$300 million.
- Tangible Net Worth to facilities outstanding ratio shall not be less than six times.

7.

**Financial risk management activities**

*Fair value determination*

The following table presents the group's assets and liabilities that are measured at fair value by level within the fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly (that is, as prices)

or indirectly (that is derived from prices);

Level 3: Inputs for the asset that are not based on observable market data (that is unobservable inputs).

**At**

**At**

**At**

**At**

31 December

30 September

30 June

31 December

2013

2013

2013

2012

Figures in million

(Unaudited)

(Audited)

**Available-for-sale financial assets**

1

\*

Level 1

46

37

44

96

Level 2

—

—

—

—

Level 3

4

5

5

63

**Fair value through profit and loss**

2

\*

Level 1

—

—

—

—

Level 2

934

1 116

1 041

1 135

Level 3

—  
—  
—  
—

1

*Level 1 fair values are directly derived from actively traded shares on the JSE.*

*Level 3 fair values have been valued by the directors by performing independent valuations on an annual basis to ensure that significant prolonged decline in the value of the investments has not occurred. The December 2012 balance includes the interest in Rand Refinery. At the end of the 2013 financial year, the investment in Rand Refinery was reclassified as an investment in associate on obtaining significant influence.*

2

*The majority of the level 2 fair values are directly derived from the Shareholders Weighted Top 40 index (SWIX 40) on the JSE and are discounted at market interest rate.*

*\* Includes non-current assets or disposal groups held for sale where applicable.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

for the period ended 31 December 2013 (Rand)

**21**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
CONTINUED

for the period ended 31 December 2013 (Rand)

**8.**

**Commitments and contingencies**

At

At

At

At

31 December

30 September

30 June

31 December

2013

2013

2013

2012

Figures in million

(Unaudited)

(Audited)

**Capital expenditure commitments:**

Contracts for capital expenditure

322

351

416

576

Authorised by the directors but not contracted for

1 152

1 835

1 545

1 572

**1 474**

**2 186**

**1 961**

**2 148**

This expenditure will be financed from existing resources and, where appropriate, borrowings.

**Contingent liability**

For a detailed disclosure on contingent liabilities refer to Harmony's integrated annual report for the financial year ended 30 June 2013, available on the group's website ([www.harmony.co.za](http://www.harmony.co.za)). There were no significant changes in contingencies since 30 June 2013.

**9.**

**Related parties**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the group. During the September 2013 quarter, Frank Abbott purchased 65 600 shares.

**10. Subsequent events**

There were no subsequent events to report.

**11. Segment report**

The segment report follows on page 23.

**12. Reconciliation of segment information to consolidated income statements and balance sheets**

**Six months ended**

31 December

31 December

2013

2012

Figures in million

(Restated)\*

The "Reconciliation of segment information to consolidated financial statements" line item in the segment report is broken down in the following elements, to give a better understanding of the differences between the financial statements and segment report:

**Reconciliation of production profit to gross profit**

Total segment revenue

8 089

9 542

Total segment production costs

(6 067)

(6 215)

Production profit per segment report

2 022

3 327

Discontinued operations

—

(270)

Production profit from continuing operations

2 022

3 057

Cost of sales items, other than production costs and royalty expense

(1 485)

(1 184)

**Gross profit as per income statements**

**1**

**537**

**1 873**

*1*

*The reconciliation was done up to the first recognisable line item on the income statement. The reconciliation will follow the income statement after that.*



22

**Results for the second quarter FY14  
and six months ended 31 December 2013**

31 December

31 December

2013

2012

Figures in million

(Restated)\*

**Reconciliation of total segment mining assets to consolidated property, plant and equipment**

Property, plant and equipment not allocated to a segment Mining assets

1 133

942

Undeveloped property

5 139

5 139

Other non-mining assets

89

62

Wafi-Golpu assets

1 069

804

*Less:* Non-current assets previously classified as held for sale

—

(1 233)

**7 430**

**5 714**

*\* The interim December 2012 results have been restated due to a change in accounting policy. Refer to note 2 for details. The restatements to the comparative information have not been audited.*

**13. Review report**

These condensed consolidated financial statements for the six months ended 31 December 2013 on pages 12 to 23 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified conclusion thereon. A copy of the auditor's report on the condensed consolidated financial statements is available for inspection at the company's registered office, together with the financial statements identified in the auditor's report.

**23**

Segment report

(Rand/Metric)

for the six months ended 31 December 2013

**Revenue**

**Production cost\***

**Production**

**profit\***

**Mining assets**

\*

**Capital**

**expenditure**

@

**Kilograms**

**produced**

#

**Tonnes milled**

#

31 December

31 December

31 December

31 December

31 December

31 December

31 December

2013

2012

2013

2012

2013

2012

2013

2012

2013

2012

2013

2012

2013

2012

R million

R million

R million

R million

R million

kg

t'000

Continuing operations

**South Africa**

**Underground**

Kusasaletu

965  
976  
867  
840  
98  
136  
3 502  
3 329  
250  
217  
2 412  
2 003  
631  
466  
Doornkop  
707  
886  
581  
542  
126  
344  
3 380  
3 330  
124  
151  
1 637  
1 875  
474  
517  
Phakisa  
625  
638  
546  
491  
79  
147  
4 530  
4 593  
189  
158  
1 461  
1 367  
293  
270  
Tshepong  
861  
1 077  
707  
751  
154  
326

3 986  
3 484  
146  
149  
2 011  
2 310  
468  
567  
Masimong  
617  
925  
516  
519  
101  
406  
1 021  
998  
78  
80  
1 442  
1 978  
350  
477  
Target 1  
999  
979  
525  
465  
474  
514  
2 690  
2 703  
126  
188  
2 322  
2 157  
384  
356  
Bambanani  
(a)  
691  
426  
356  
306  
335  
120  
881  
1 004  
62  
70  
1 613

911  
129  
98  
Joel  
580  
821  
349  
343  
231  
478  
354  
260  
80  
79  
1 371  
1 750  
308  
321  
Unisel  
423  
453  
311  
299  
112  
154  
347  
665  
42  
35  
988  
962  
215  
233  
Target 3  
316  
364  
289  
262  
27  
102  
508  
398  
72  
68  
742  
798  
157  
169  
**Surface**  
All other surface operations  
652

730  
485  
493  
167  
237  
472  
365  
25  
200  
1 604  
1 645  
5 382  
4 800  
**Total South Africa**  
**7 436**  
**8 275**  
**5 532**  
**5 311**  
**1 904**  
**2 964**  
**21 671**  
**21 129**  
**1 194**  
**1 395**  
**17 603**  
**17 756**  
**8 791**  
**8 274**  
**International**  
Hidden Valley  
653  
616  
535  
523  
118  
93  
3 562  
5 855  
68  
236  
1 547  
1 331  
1 009  
947  
**Total international**  
**653**  
**616**  
**535**  
**523**  
**118**  
**93**

3 562

5 855

68

236

1 547

1 331

1 009

947

**Total continuing  
operations**

8 089

8 891

6 067

5 834

2 022

3 057

25 233

26 984

1 262

1 631

19 150

19 087

9 800

9 221

Discontinued operations

Evander

—

651

—

381

—

270

—

1 233

—

109

—

1 480

—

300

**Total discontinued  
operations**

—

651

—

381

—

270

—

1 233

—

<b>109</b>	
–	
<b>1 480</b>	
–	
<b>300</b>	
<b>Total operations</b>	
<b>8 089</b>	
<b>9 542</b>	
<b>6 067</b>	
<b>6 215</b>	
<b>2 022</b>	
<b>3 327</b>	
<b>25 233</b>	
<b>28 217</b>	
<b>1 262</b>	
<b>1 740</b>	
<b>19 150</b>	
<b>20 567</b>	
<b>9 800</b>	
<b>9 521</b>	
Reconciliation of the segment information to the consolidated financial statements (refer to note 12)	
–	
(651)	
–	
(381)	
7 430	
5 714	
<b>8 089</b>	
<b>8 891</b>	
<b>6 067</b>	
<b>5 834</b>	
<b>32 663</b>	
<b>33 931</b>	
<i>* The interim December 2012 results have been restated due to a change in accounting policy. Refer to note 2 for details. The restatements to the comparative information have not been audited.</i>	
#	
<i>Production statistics are unaudited.</i>	
@	
<i>Capital expenditure for international operations excludes expenditure spend on Wafi-Golpu of R0 million (2012: R255 million).</i>	
<i>(a) Includes Steyn 2.</i>	



24

25

**Results for the second quarter FY14  
and six months ended 31 December 2013**

Operating results

(US\$/Imperial)

South Africa

Hidden Valley\*

Total

Harmony

Underground production

Surface production

Total

South Africa

Three

months

ended

Kusasa-

lethu

Doornkop

Phakisa

Tshepong

Masimong

Target 1

Bamba-

nani

Joel

Unisel

Target 3

Steyn 2

Total

under-

ground

Phoenix

Dumps

Kalgold\*

Total

surface

**Ore milled**

**- t'000**

**Dec-13**

**333**

**262**

**151**

**241**

**178**

**213**

**60**

**164**

**118**

**83**

13  
1 816  
1 634  
833  
401  
2 868  
4 684  
558  
5 242  
Sep-13  
363  
260  
172  
275  
208  
211  
56  
175  
119  
90  
13  
1 942  
1 703  
963  
401  
3 067  
5 009  
555  
5 564  
**Gold produced**  
**- oz**  
**Dec-13**  
36 652  
28 035  
22 698  
30 929  
21 991  
39 899  
22 409  
21 670  
16 461  
11 253  
4 726  
256 723  
6 977  
7 266  
10 127  
24 370  
281 093  
24 820  
305 913

Sep-13  
40 896  
24 595  
24 274  
33 726  
24 370  
34 755  
20 030  
22 409  
15 304  
12 603  
4 694  
257 656  
7 234  
9 549  
10 417  
27 200  
284 856  
24 917  
309 773  
**Yield –  
oz/t**  
**Dec-13**  
**0.110**  
**0.107**  
**0.150**  
**0.128**  
**0.124**  
**0.187**  
**0.373**  
**0.132**  
**0.140**  
**0.136**  
**0.364**  
**0.141**  
**0.004**  
**0.009**  
**0.025**  
**0.008**  
**0.060**  
**0.044**  
**0.058**  
Sep-13  
0.113  
0.095  
0.141  
0.123  
0.117  
0.165  
0.358  
0.128

0.129  
0.140  
0.361  
0.133  
0.004  
0.010  
0.026  
0.009  
0.057  
0.045  
0.056

**Cash operating costs**

– \$/oz

**Dec-13**

**1 198**

**985**

**1 151**

**1 083**

**1 087**

**616**

**614**

**804**

**906**

**1 179**

**682**

**943**

**858**

**1 100**

**978**

**980**

**947**

**972**

**949**

Sep-13

1 182

1 163

1 124

1 055

1 060

750

688

808

1 001

1 166

731

998

852

1 076

1 017

994

997

1 191

1 013

**Cash operating costs**

– \$/t

**Dec-13**

**132**

**105**

**173**

**139**

**134**

**115**

**229**

**106**

**126**

**160**

**248**

**133**

**4**

**10**

**25**

**8**

**57**

**43**

**55**

Sep-13

133

110

159

129

124

124

246

103

129

163

264

132

4

11

26

9

57

53

56

**Gold sold**

– oz

**Dec-13**

**38 066**

**28 550**

**23 792**

**32 440**

23 052  
44 497  
23 470  
21 895  
17 265  
12 539  
4 951  
270 517  
5 787  
7 202  
8 649  
21 638  
292 155  
22 859  
315 014  
Sep-13  
35 301  
25 592  
23 856  
33 147  
23 952  
31 701  
19 708  
22 280  
15 014  
11 510  
4 630  
246 691  
7 105  
9 259  
10 931  
27 295  
273 986  
26 717  
300 703  
**Revenue (\$'000)**  
Dec-13  
48 847  
36 047  
30 334  
41 347  
29 381  
56 902  
29 906  
27 975  
22 002  
16 033  
6 311  
345 085  
7 437  
9 579

**11 176**  
**28 192**  
**373 277**  
**29 013**  
**402 290**  
Sep-13  
47 304  
34 360  
31 959  
44 445  
32 048  
42 499  
26 414  
29 831  
20 137  
15 416  
6 179  
330 592  
9 565  
12 478  
14 724  
36 767  
367 359  
36 079  
403 438  
**Cash operating costs**  
**(\$'000)**  
**Dec-13**  
**43 915**  
**27 618**  
**26 130**  
**33 483**  
**23 903**  
**24 570**  
**13 760**  
**17 416**  
**14 913**  
**13 265**  
**3 222**  
**242 195**  
**5 987**  
**7 993**  
**9 904**  
**23 884**  
**266 079**  
**24 121**  
**290 200**  
Sep-13  
48 327  
28 596  
27 279

35 572  
25 839  
26 082  
13 784  
18 097  
15 320  
14 700  
3 431  
257 027  
6 163  
10 275  
10 596  
27 034  
284 061  
29 671  
313 732  
**Inventory movement**  
**(\$'000)**  
**Dec-13**  
**2 768**  
**1 251**  
**1 595**  
**2 232**  
**1 622**  
**5 105**  
**1 222**  
**(621)**  
**949**  
**2 772**  
**301**  
**19 196**  
**(1 094)**  
**14**  
**(1 351)**  
**(2 431)**  
**16 765**  
**(2 049)**  
**14 716**  
Sep-13  
(8 667)  
364  
(637)  
(873)  
48  
(3 473)  
(167)  
(160)  
(240)  
(1 963)  
(102)  
(15 870)



(32)  
(403)  
257  
(178)  
(16 048)  
1 635  
(14 413)  
**Operating costs**  
**(\$'000)**  
**Dec-13**  
**46 683**  
**28 869**  
**27 725**  
**35 715**  
**25 525**  
**29 675**  
**14 982**  
**16 795**  
**15 862**  
**16 037**  
**3 523**  
**261 391**  
**4 893**  
**8 007**  
**8 553**  
**21 453**  
**282 844**  
**22 072**  
**304 916**  
Sep-13  
39 660  
28 960  
26 642  
34 699  
25 887  
22 609  
13 617  
17 937  
15 080  
12 737  
3 329  
241 157  
6 131  
9 872  
10 853  
26 856  
268 013  
31 307  
299 320  
**Operating profit**  
**(\$'000)**

**Dec-13**

**2 164**

**7 178**

**2 609**

**5 632**

**3 856**

**27 227**

**14 924**

**11 180**

**6 140**

**(4)**

**2 788**

**83 694**

**2 544**

**1 572**

**2 623**

**6 739**

**90 433**

**6 941**

**97 374**

Sep-13

7 644

5 400

5 317

9 746

6 161

19 890

12 797

11 894

5 057

2 679

2 850

89 435

3 434

2 606

3 871

9 911

99 346

4 772

104 118

**Capital expenditure**

**(\$'000)**

**Dec-13**

**12 876**

**6 276**

**9 734**

**7 780**

**4 009**

**6 343**

**2 887**

**3 748**

2 436  
3 633  
63  
59 785  
92  
243  
1 246  
1 581  
61 366  
1 885  
63 251  
Sep-13  
12 055  
6 035  
9 114  
6 788  
3 798  
6 176  
3 205  
4 223  
1 730  
3 556  
56  
56 736  
—  
13  
806  
819  
57 555  
4 868  
62 423  
**Adjusted operating costs**  
— \$/oz  
Dec-13  
1 256  
1 064  
1 197  
1 131  
1 141  
684  
666  
795  
946  
1 299  
739  
996  
846  
1 112  
1 015  
1 002  
996

969

994

Sep-13

1 171

1 173

1 138

1 066

1 132

726

708

823

1 031

1 124

734

1 006

863

1 066

1 003

988

1 004

1 177

1 019

**All-in sustaining costs**

– \$/oz

**Dec-13**

**1 640**

**1 281**

**1 546**

**1 409**

**1 376**

**854**

**742**

**921**

**1 147**

**1 618**

**811**

**1 231**

**861**

**1 187**

**1 210**

**1 109**

**1 222**

**1 209**

**1 222**

Sep-13

1 560

1 416

1 554

1 306

1 339

956

778

937

1 190

1 468

790

1 251

863

1 101

1 123

1 048

1 230

1 607

1 264

\* Comparative figures for these operations have been restated as a result of the adoption of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine.

Refer to note 2 of the Rand Financial Statements.

26

**Results for the second quarter FY14  
and six months ended 31 December 2013**

CONDENSED CONSOLIDATED INCOME STATEMENTS

(US\$) (Unaudited)

(Convenience translation)

**Quarter ended**

**Six months ended**

**Year ended**

31 December

30 September

31 December

31 December

31 December

30 June

2013

2013

2012

2013

2012

2013

Figures in million

(Restated)\*

(Restated)\*

(Restated)\*

Continuing operations

Revenue

402

403

532

805

1 051

1 803

Cost of sales

(377)

(375)

(405)

(752)

(829)

(1 829)

Production costs

(305)

(299)

(341)

(604)

(689)

(1 283)

Amortisation and depreciation

(56)

(58)

(59)

(114)

(118)

(227)

Impairment of assets

–

–

–

–

–

(274)

Other items

(16)

(18)

(5)

(34)

(22)

(45)

**Gross profit/(loss)**

**25**

**28**

**127**

**53**

**222**

**(26)**

Corporate, administration and  
other expenditure

(10)

(11)

(13)

(21)

(26)

(53)

Social investment expenditure

(2)

(4)

(3)

(6)

(5)

(14)

Exploration expenditure

(11)

(14)

(18)

(25)

(35)

(76)

Profit on sale of property, plant and  
equipment

–

–

8

-	
15	
16	
Other (expenses)/income – net	
(14)	
-	
(5)	
(14)	
(5)	
(40)	
<b>Operating (loss)/profit</b>	
<b>(12)</b>	
<b>(1)</b>	
<b>96</b>	
<b>(13)</b>	
<b>166</b>	
<b>(193)</b>	
Profit from associates	
-	
-	
-	
1	
-	
-	
Impairment of investments	
-	
(1)	
-	
(1)	
(6)	
(10)	
Net gain on financial instruments	
4	
8	
11	
12	
20	
20	
Investment income	
5	
5	
4	
10	
8	
21	
Finance cost	
(6)	
(6)	
(9)	
(12)	
(15)	



(29)  
**(Loss)/profit before taxation**  
**(9)**  
**5**  
**102**  
**(3)**  
**173**  
**(191)**  
Taxation  
(1)  
(4)  
(25)  
(5)  
(44)  
(69)  
Normal taxation  
—  
(5)  
(13)  
(5)  
(27)  
(31)  
Deferred taxation  
(1)  
1  
(12)  
—  
(17)  
(38)  
**Net (loss)/profit from continuing operations**  
**(10)**  
**1**  
**77**  
**(8)**  
**129**  
**(260)**  
Discontinued operations  
Profit from discontinued operations  
—  
—  
9  
—  
20  
36  
**Net (loss)/profit for the period**  
**(10)**  
**1**  
**86**  
**(8)**  
**149**

**(224)**

*Attributable to:*

Owners of the parent

(10)

1

86

(8)

149

(224)

**(Loss)/earnings per ordinary share (cents)**

(Loss)/earnings from continuing operations

(2)

—

18

(2)

29

(60)

Earnings from discontinued operations

—

—

2

—

5

8

**Total (loss)/earnings**

(2)

—

**20**

(2)

**34**

(52)

**Diluted (loss)/earnings per ordinary share (cents)**

(Loss)/earnings from continuing operations

(2)

—

18

(2)

29

(60)

Earnings from discontinued operations

—

—

2

—

5

8

**Total diluted (loss)/earnings**

(2)

—

**20**

(2)

34

(52)

*\* The comparative periods have been restated due to a change in accounting policy. Refer to note 2 of the Rand financial statements for details.*

The currency conversion average rates for the quarter ended: December 2013: US\$1 = R10.12 (September 2013: US\$1 = R9.96, December 2012:US\$1 = R8.67). For year ended: June 2013: US\$1 = R8.82. Six months ended: December 2013: US\$1 = R10.04 (December 2012: US\$1 = R8.46).

27

**Note on convenience translations**

Except where specific statements have been extracted from 2013 Annual Financial Statements, the requirements of IAS 21, The Effects of the Changes in Foreign Exchange Rates, have not necessarily been applied in the translation of the US Dollar financial statements presented on pages 26 to 30.

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(US\$) (Unaudited)

(Convenience translation)

**Quarter ended**

**Six months ended**

**Year ended**

31 December

30 September

31 December

31 December

31 December

30 June

2013

2013

2012

2013

2012

2013

Figures in million

(Restated)\*

(Restated)\*

(Restated)\*

Net (loss)/profit for the period

(10)

1

86

(8)

149

(224)

Other comprehensive income/(loss) for the period, net of income tax

38

(70)

23

(31)

26

83

Foreign exchange translation

37

(70)

20

(32)

23

84

Movements on investments

1

–  
 3  
 1  
 3  
 (1)  
**Total comprehensive income/(loss)  
 for the period**  
**28**  
**(69)**  
**109**  
**(39)**  
**175**  
**(141)**

*Attributable to:*

Owners of the parent  
 28  
 (69)  
 109  
 (39)  
 175  
 (141)

*\* The comparative periods have been restated due to a change in accounting policy. Refer to note 2 of the Rand financial statements for details.*

The currency conversion average rates for the quarter ended: December 2013: US\$1 = R10.12 (September 2013: US\$1 = R9.96,

December 2012: US\$1 = R8.67). For year ended: June 2013: US\$1 = R8.82. Six months ended: December 2013: US\$1 = R10.04 (December 2012: US\$1 = R8.46).

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(US\$) (Unaudited)

for the six months ended 31 December 2013 (Convenience translation)

Figures in million

Share capital

Other

reserves

Retained

earnings

Total

Balance – 30 June 2013 as previously reported

2 708

331

50

3 089

Restatement for IFRIC 20

–

(2)

(7)

(9)

Restated balance – 30 June 2013

2 708

329

43

3 080  
 Share-based payments  
 –  
 14  
 –  
 14  
 Net loss for the period  
 –  
 –  
 (7)  
 (7)  
 Other comprehensive loss for the period  
 –  
 (30)  
 –  
 (30)  
**Balance – 31 December 2013**  
**2 708**  
**313**  
**36**  
**3 057**  
 Balance – 30 June 2012 as previously reported  
 3 333  
 287  
 389  
 4 009  
 Restatement for IFRIC 20  
 –  
 (2)  
 (11)  
 (13)  
 Restated balance – 30 June 2012  
 3 333  
 285  
 378  
 3 996  
 Share-based payments  
 –  
 15  
 –  
 15  
 Net profit for the period  
 –  
 –  
 147.  
 147  
 Other comprehensive income for the period  
 –  
 27  
 –  
 27

Dividends paid

—

—

(26)

(26)

**Balance – 31 December 2012**

**3 333**

**327**

**499**

**4 159**

The currency conversion closing rates for the six months ended 31 December 2013: US\$1 = R10.46 (December 2012: US\$1 = R8.50)

28

**Results for the second quarter FY14  
and six months ended 31 December 2013**

CONDENSED CONSOLIDATED BALANCE SHEETS

(US\$) (Unaudited)

(Convenience translation)

**At**

**At**

**At**

**At**

31 December

30 September

30 June

31 December

2013

2013

2013

2012

Figures in million

(Restated)\*

(Restated)\*

**ASSETS**

**Non-current assets**

Property, plant and equipment

3 123

3 205

3 279

3 991

Intangible assets

210

218

220

258

Restricted cash

4

4

4

4

Restricted investments

209

213

206

238

Deferred tax assets

9

9

10

65

Investments in associates

11

11



11
—
Investments in financial assets
—
4
5
19
Inventories
6
6
6
7
Trade and other receivables
—
—
—
2
<b>Total non-current assets</b>
<b>3 572</b>
<b>3 670</b>
<b>3 741</b>
<b>4 584</b>
<b>Current assets</b>
Inventories
136
147
142
126
Trade and other receivables
110
123
116
152
Income and mining taxes
10
10
13
—
Restricted cash
1
—
—
—
Cash and cash equivalents
222
228
209
295
479
508
480

573  
 Assets of disposal groups classified as held for sale

4

—

—

215

**Total current assets**

**483**

**508**

**480**

**788**

**Total assets**

**4 055**

**4 178**

**4 221**

**5 372**

EQUITY AND LIABILITIES

**Share capital and reserves**

Share capital

2 708

2 820

2 837

3 333

Other reserves

313

278

347

327

Retained earnings

36

46

45

499

**Total equity**

**3 057**

**3 144**

**3 229**

**4 159**

**Non-current liabilities**

Deferred tax liabilities

287

298

303

385

Provision for environmental rehabilitation

193

198

200

225

Retirement benefit obligation

19

20	
19	
22	
Other provisions	
7	
6	
5	
5	
Borrowings	
313	
285	
226	
244	
<b>Total non-current liabilities</b>	
<b>819</b>	
<b>807</b>	
<b>753</b>	
<b>881</b>	
<b>Current liabilities</b>	
Borrowings	
–	
29	
28	
35	
Income and mining taxes	
–	
2	
–	
2	
Trade and other payables	
179	
196	
211	
241	
179	
227	
239	
278	
Liabilities of disposal groups classified as held for sale	
–	
–	
–	
54	
<b>Total current liabilities</b>	
<b>179</b>	
<b>227</b>	
<b>239</b>	
<b>332</b>	
<b>Total equity and liabilities</b>	
<b>4 055</b>	
<b>4 178</b>	

**4 221**

**5 372**

*\* The comparative periods have been restated due to a change in accounting policy. Refer to note 2 of the Rand financial statements for details.*

The balance sheet for December 2013 converted at a conversion rate of US\$1 = R10.46 (September 2013: US\$1 = R10.05, June 2013:

US\$1 = R9.98) December 2012: US\$1 = R8.50.

**29**

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(US\$) (Unaudited)

(Convenience translation)

**Quarter ended**

**Six months ended**

**Year ended**

31 December

30 September

31 December

31 December

31 December

30 June

Figures in million

2013

2013

2012

2013

2012

2013

**Cash flow from operating activities**

Cash generated by operations

69

24

161

93

323

359

Interest and dividends received

3

3

4

6

7

16

Interest paid

(2)

(3)

(4)

(5)

(8)

(14)

Income and mining taxes paid

(3)

—

(25)

(3)

(13)

(33)

**Cash generated by operating activities**

**67**

	24
	136
	91
	309
	328
<b>Cash flow from investing activities</b>	
Cash transferred to disposal group	
	–
	–
	(10)
	–
	(30)
	–
Proceeds on disposal of investment in subsidiary	
	–
	–
	–
	–
	–
	139
Purchase of investments	
	–
	–
	–
	–
	(9)
Other investing activities	
	–
	(1)
	(5)
	(1)
	(5)
	(1)
Net additions to property, plant and equipment	
	1
	(62)
	(62)
	(114)
	(124)
	(222)
	(414)
<b>Cash utilised by investing activities</b>	
	<b>(62)</b>
	<b>(63)</b>
	<b>(129)</b>
	<b>(125)</b>
	<b>(257)</b>
	<b>(285)</b>

**Cash flow from financing activities**

Borrowings raised

–

61

40

61

80

80

Borrowings repaid

–

–

(19)

(1)

(20)

(35)

Dividends paid

–

–

–

–

(26)

(50)

**Cash generated/(utilised) by financing activities**

–

**61**

**21**

**60**

**34**

**(5)**

**Foreign currency translation adjustments**

**(11)**

**(3)**

**(8)**

**(13)**

**(7)**

**(45)**

Net increase in cash and cash equivalents

(6)

19

20

13

79

(7)

Cash and cash equivalents – beginning of period

228

209

275

209

216

216

**Cash and cash equivalents – end of period**

**222**

**228**

**295**

**222**

**295**

**209**

*1*

*Includes capital expenditure for Wafi-Golpu and other International projects of US\$0 in the December 2013 quarter (September 2013: US\$0) December 2012: US\$1 million) and US\$61 million in the year ended 30 June 2013.*

The currency conversion average rates for the quarter ended: December 2013: US\$1 = R10.12 (September 2013: US\$1 = R9.96, December 2012: US\$1 = R8.67). For year ended: June 2013: US\$1 = R8.82. Six months ended: December 2013: US\$1 = R10.04 (December 2012: US\$1 = R8.46).

Closing balance translated to closing rates of: December 2013: US\$1 = R10.46 (September 2013: US\$1 = R10.05, June 2013:

US\$1 = R9.98, December 2012: US\$ = R8.50).

The cash flow statement for the year ended 30 June 2013 has been extracted from the 2013 Annual Report



**30**

**s**

Segment report

(US\$/Imperial) (Unaudited)

for the six months ended 31 December 2013

**Revenue**

**Production cost**

\*

**Production**

**profit**

\*

**Mining assets**

**Capital**

**expenditure**

**Ounces**

**produced**

**Tons milled**

31 December

31 December

31 December

31 December

31 December

31 December

31 December

2013

2012

2013

2012

2013

2012

2013

2012

2013

2012

2013

2012

2013

2012

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

oz

t'000

Continuing operations

**South Africa**

**Underground**

Kusasaletu

96

115

86  
99  
10  
16  
335  
392  
25  
26  
77 548  
64 398  
696  
514  
Doornkop  
70  
105  
58  
64  
12  
41  
323  
392  
12  
18  
52 630  
60 282  
522  
570  
Phakisa  
62  
75  
54  
58  
8  
17  
433  
540  
19  
19  
46 972  
43 950  
323  
298  
Tshepong  
86  
127  
70  
89  
16  
38  
381  
410

15  
18  
64 655  
74 268  
516  
625  
Masimong  
61  
109  
51  
61  
10  
48  
98  
117  
8  
10  
46 361  
63 594  
386  
526  
Target 1  
100  
116  
52  
55  
48  
61  
257  
318  
13  
23  
74 654  
69 349  
424  
392  
Bambanani  
69  
50  
35  
36  
34  
14  
84  
118  
6  
8  
51 859  
29 289  
142  
107

Joel

58

97

35

41

23

56

34

31

8

9

44 079

56 264

339

354

Unisel

42

54

31

35

11

19

33

78

4

4

31 765

30 929

237

257

Target 3

31

43

29

31

2

12

49

47

7

8

23 856

25 656

173

186

**Surface**

All other surface operations

65

87

50

58

15  
29  
45  
43  
2  
24  
51 570  
52 886  
5 935  
5 294  
**Total South Africa**  
**740**  
**978**  
**551**  
**627**  
**189**  
**351**  
**2 072**  
**2 486**  
**119**  
**167**  
**565 949**  
**570 865**  
**9 693**  
**9 123**  
**International**  
Hidden Valley  
65  
73  
53  
62  
12  
11  
341  
689  
7  
28  
49 737  
42 793  
1 113  
1 044  
**Total international**  
**65**  
**73**  
**53**  
**62**  
**12**  
**11**  
**341**  
**689**  
**7**

28  
49 737  
42 793  
1 113  
1 044  
**Total continuing operations**  
805  
1 051  
604  
689  
201  
362  
2 413  
3 175  
126  
195  
615 686  
613 658  
10 806  
10 167  
Discontinued operations  
Evander  
—  
75  
—  
45  
—  
30  
—  
145  
—  
13  
—  
47 583  
—  
330  
**Total discontinued operations**  
—  
75  
—  
45  
—  
30  
—  
145  
—  
13  
—  
47 583

—  
330  
Total operations  
805  
1 126  
604  
734  
201  
392  
2 413  
3 320  
126  
208  
615 686  
661 241  
10 806  
10 497

*\* The comparative periods have been restated following the adoption of IFRIC 20. Refer to note 2 for details.*

**31**

DEVELOPMENT RESULTS

(Metric)

Quarter ending December 2013

Channel

Reef

Meters

Sampled

Meters

Width

(Cm's)

Value

(g/t)

Gold

(Cmg/t)

Tshepong

Basal

418

407

8.81

189.19

1 667

B Reef

249

213

85.90

9.75

838

**All Reefs**

**667**

**620**

**35.26**

**39.22**

**1 383**

Phakisa

Basal

256

263

102.57

11.65

1 195

Leader

3

6

47.00

1.43

67

**All Reefs**

**259**

**269**

**101.33**



**11.54**

**1 169**

Total Bambanani

(Incl. Bambanani, Steyn 2)

Basal

16

16

58.71

11.68

685

**All Reefs**

**16**

**16**

**58.71**

**11.68**

**685**

Bambanani

Basal

16

16

58.71

11.68

685

**All Reefs**

**16**

**16**

**58.71**

**11.68**

**685**

Doornkop

South Reef

365

350

51.72

13.80

714

**All Reefs**

**365**

**350**

**51.72**

**13.80**

**714**

Kusasaletu

VCR Reef

558

497

107.66

10.75

1 157

**All Reefs**

**558**

**497**  
**107.66**  
**10.75**  
**1 157**  
Target  
Elsburg  
209  
108  
189.29  
8.03  
1 521  
Basal  
87  
62  
10.24  
229.46  
2 350  
A Reef  
83  
41  
141.95  
7.38  
1 047  
B Reef  
229  
128  
84.09  
23.32  
1 961  
**All Reefs**  
**608**  
**339**  
**111.09**  
**16.03**  
**1 781**  
Target 1  
Elsburg  
132  
64  
251.70  
7.14  
1 797  
**All Reefs**  
**132**  
**64**  
**251.70**  
**7.14**  
**1 797**  
Target 3  
Elsburg  
77

44  
98.50  
11.35  
1 118  
Basal  
87  
62  
10.24  
229.46  
2 350  
A Reef  
83  
41  
141.95  
7.38  
1 047  
B Reef  
229  
128  
84.09  
23.32  
1 961  
**All Reefs**  
**477**  
**275**  
**78.37**  
**22.68**  
**1 778**  
Masimong 5  
Basal  
386  
348  
48.63  
15.87  
772  
B Reef  
115  
134  
75.04  
14.21  
1 067  
**All Reefs**  
**500**  
**482**  
**55.98**  
**15.25**  
**854**  
Unisel  
Basal  
322.8  
258

192.95  
9.25  
1 784  
Leader  
463.7  
399  
200.22  
6.19  
1 239  
Middle  
47.0  
32  
214.75  
13.27  
2 849  
**All Reefs**  
**833**  
**689**  
**198.17**  
**7.66**  
**1 518**  
Joel  
Beatrix  
260  
258  
157.88  
8.50  
1 342  
**All Reefs**  
**260**  
**258**  
**157.88**  
**8.50**  
**1 342**  
Total Harmony  
Basal  
1 485  
1 354  
73.00  
19.00  
1 387  
Beatrix  
260  
258  
157.88  
8.50  
1 342  
Leader  
466  
405  
197.95

6.17  
1 222  
B Reef  
593  
475  
82.34  
14.64  
1 205  
A Reef  
83.4  
41  
141.95  
7.38  
1 047  
Middle  
47.0  
32  
214.75  
13.27  
2 849  
Elsburg  
208.7  
108  
189.29  
8.03  
1 521  
South Reef  
365  
350.25  
51.72  
13.80  
714  
VCR  
558  
497  
107.66  
10.75  
1 157  
**All Reefs**  
**4 067**  
**3 520**  
**103.30**  
**12.14**  
**1 254**  
DEVELOPMENT RESULTS  
(Imperial)  
Quarter ending December 2013  
Channel  
Reef  
(feet)  
Sampled

(feet)

Width

(inch)

Value

(oz/t)

Gold

(In.oz/t)

Tshepong

Basal

1 371

1 335

3

6.38

19

B Reef

818

697

34

0.28

10

**All Reefs**

**2 189**

**2 032**

**14**

**1.13**

**16**

Phakisa

Basal

840

863

40

0.34

14

Leader

8

20

19

0.04

1

**All Reefs**

**848**

**883**

**40**

**0.34**

**13**

Total Bambanani

(Incl. Bambanani, Steyn 2)

Basal

52

52

23

0.34  
8  
**All Reefs**  
**52**  
**52**  
**23**  
**0.34**  
**8**  
Bambanani  
Basal  
52  
52  
23  
0.34  
8  
**All Reefs**  
**52**  
**52**  
**23**  
**0.34**  
**8**  
Doornkop  
South Reef  
1 198  
1 149  
20  
0.41  
8  
**All Reefs**  
**1 198**  
**1 149**  
**20**  
**0.41**  
**8**  
Kusasaletu  
VCR Reef  
1 831  
1 631  
42  
0.32  
13  
**All Reefs**  
**1 831**  
**1 631**  
**42**  
**0.32**  
**13**  
Target  
Elsburg  
685  
354

75  
0.23  
17  
Basal  
285  
203  
4  
6.75  
27  
A Reef  
273  
135  
56  
0.21  
12  
B Reef  
753  
420  
33  
0.68  
23  
**All Reefs**  
**1 996**  
**1 112**  
**44**  
**0.47**  
**20**  
Target 1  
Elsburg  
432  
210  
99  
0.21  
21  
**All Reefs**  
**432**  
**210**  
**99**  
**0.21**  
**21**  
Target 3  
Elsburg  
253  
144  
39  
0.33  
13  
Basal  
285  
203  
4



6.75  
27  
A Reef  
273  
135  
56  
0.21  
12  
B Reef  
753  
420  
33  
0.68  
23  
**All Reefs**  
**1 564**  
**902**  
**31**  
**0.66**  
**20**  
Masimong 5  
Basal  
1 265  
1 142  
19  
0.47  
9  
B Reef  
376  
440  
30  
0.41  
12  
**All Reefs**  
**1 641**  
**1 582**  
**22**  
**0.45**  
**10**  
Unisel  
Basal  
1 059  
846  
76  
0.27  
20  
Leader  
1 521  
1 309  
79  
0.18

14  
Middle  
154  
105  
85  
0.38  
33  
**All Reefs**  
**2 734**  
**2 261**  
**78**  
**0.22**  
**17**  
Joel  
Beatrix  
853  
846  
62  
0.25  
15  
**All Reefs**  
**853**  
**846**  
**62**  
**0.25**  
**15**  
Total Harmony  
Basal  
4 871  
4 441  
29.00  
0.55  
15.93  
Beatrix  
853  
846  
62.00  
0.25  
15.41  
Leader  
1 530  
1 329  
78.00  
0.18  
14.03  
B Reef  
1 947  
1 558  
32.00  
0.43  
13.84

A Reef

273

135

56.00

0.21

12.02

Middle

154

105

85.00

0.38

32.72

Elsburg

685

354

75.00

0.23

17.46

South Reef

1 198

1 149

20.00

0.41

8.19

VCR

1 831

1 631

42.00

0.32

13.29

**All Reefs**

**13 342**

**11 548**

**41.00**

**0.35**

**14**

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: 03 February 2014

,

Harmony Gold Mining Company Limited

By: /s/ Frank Abbot

Name: Frank Abbot

Title: Financial Director